
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, December 18, 2001

Pursuant to the adjournment, the House of Assembly met at 11:20 a.m. on Tuesday, December 18, 2001.

PRESENT

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

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

Hon. Miss M. A. MOTTLEY, LL.B. (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. D. CARTER (Chairman of Committees)

Hon. R. N. GREENIDGE, B.A., LL.B. (Minister of Education, Youth Affairs and Sports)

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. R. St. C. TOPPIN, LL.B. (Minister of Commerce, Consumer Affairs and Business Development)

Mr. D. St. E. KELLMAN

Miss H. E. THOMPSON, LL.B. (Minister of Physical Development and Environment)

Mr. M. Z. WILLIAMS

Rev. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Parliamentary Secretary to the Attorney-General and Minister of Home Affairs)

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

Hon. A. P. WOOD, B.Sc., M.Sc. M.Phil., J.P. (Minister of Agriculture and Rural Development)

Hon. R. R. FARLEY, B.Sc., J.P. (Minister of Industry and International Business)

Hon. Miss C. Y. FORDE, J.P. (Minister of State, Ministry of Education, Youth Affairs and Sports)

Prayers were taken by Reverend J. J. S. Atherley.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, December 11, 2001.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, December 11, 2001, which Minutes have been circulated, be taken as read.

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

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

SUSPENSION OF STANDING ORDERS

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, I beg to move, Sir, that Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of today's Sitting.

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

ORDER NO. 14 – TELECOMMUNI-
CATIONS BILL, 2001

Hon. R. R. FARLEY: Mr. Speaker, I rise to move the second reading of this Bill, the Telecommunications Bill, 2001. This comes as part of this administration's continued thrust in the reform of the commercial affairs of this island. Sir, you will recall that during the life of this administration much has been done to totally transform the nature of the rules and regulations governing a range of commercial activities in Barbados. It comes as our responsibility, being the administration in office for the service of the people of Barbados at this time of great transformation, as we move from the end of one millennium to the start of another.

We have manfully discharged this responsibility to create a framework within which Barbadians can function well into the future. We have, for example, created a new framework for the young entrepreneurs of Barbados through a Small Business Development Act. Recently, we have completely restructured and reformed the issues relating to bankruptcy and insolvency by way of new legislation, particularly aimed at ensuring the capacity for reorganisation, restructuring and resurrection of companies rather than driving them to the wall and into extinction.

Sir, we have already passed a new Fair Trading Commission Act as well as the Utilities Regulation Act. The Fair Trading Commission is part of that great reform effort aimed at changing the way in which a range of businesses relate to each other as well as to consumers. To join that package of legislation would be this Telecommunications Act as well as the Fair Competition Act and the Consumer Protection Act.

We have coming very shortly a Tourism Development Act to reform the incentive base and the efforts of the Government at facilitating the growth and development of tourism. We have already passed, the Financial Institutions Act, as well as the International Business Companies Act, to change the way that financial institutions function. We have created the new Securities Exchange Commission to regulate and supervise the functioning of the Stock Market in Barbados. Sir, I can go on and on with these legislations in which we have engaged.

Sir, it is important to locate this legislation within that broader framework of the complete restructuring of the economy of Barbados, particularly the restructuring of the legal framework which forms the underpinning of these economic structures.

Sir, what we are about to engage in today, by way of passage of this new Telecommunications Bill, has to be set against a very specific and relevant background. Over the years, the Cable & Wireless group of companies operated both a domestic telephone service and an international

telephone service. There was an international telephone service for much longer than the domestic service, but the domestic service for many years was run by Continental Company of Canada before all of their shares were transferred to Cable & Wireless in 1985, thereby making Cable & Wireless the majority owner of the facility from that time. Initially, the Government was a shareholder in both entities up to 1991, at which time, and under circumstances less public and less transparent than these which we are engaged in today, the Government divested itself of those shares.

Sir, what we are doing today in 2001 should have been done ten years ago in 1991 at that wonderful moment in time when the wonderful door of opportunity threw itself open, but unfortunately the administration of that time, the Democratic Labour Party, chose not to walk through that golden door of opportunity as it swung open for a brief moment in time.

Sir, at that time the signs were already clearly indicating that the nature of the telecommunications business, technology and other kinds of services that people desired had changed. Also, Sir, the fact that the Government was divesting itself of its holdings at that time also presented an opportunity for the Government to mandate the terms and conditions that it would want to see attached to such investment ... to create new legislation, to facilitate competition and to grant additional licences to competitors. Instead, the previous framework was not only continued, but extended. The licences which were signed by the Government of Barbados and Cable and Wireless in 1984 would have lasted for ten years. They would have come to their natural expiration in 1994 were it not for an intervention of the Democratic Labour Party in 1991, which not only sold the shares of the Government of Barbados at a concessionary rate but also granted to Cable and Wireless a 20-year licence.

11.30 a.m.

The background against which we work, is one not only of wanting to see the liberalisation of telecommunications in Barbados for the benefit of the people of Barbados, but the background of 1994, of facing a situation where, three short years previously, a previous administration had extended the longevity of the licence by multiple factors. That is the background against which we were working.

It is also important to note, by way of background, that not only did we inherit the longevity of the licence, which thankfully we have brought to an end, but the structure for the supervision and regulation of telecommunications which at that time was a complicated and convoluted one. It was one in which local telephone rates were regulated by

the Public Utilities Board (PUB) under its 1975 legislation. We all know of the rate hearings in which persons like the late Mr. Wendell McClean, Miss Gloria Bhamjee and other persons were involved. I had the privilege of being an objector on behalf of the Barbados Chamber of Commerce, at that time, in 1993.

Asides.

Hon. R. R. FARLEY: Sir, I had the great privilege and pleasure of participating in those hearings, 33 days of hearings with thousands of pages of manuscripts, and of working alongside those objectors in seeking to ensure that the legitimate interests of all the consumers were upheld.

In addition to putting regulating rates in place, we also had a situation where the Minister responsible for Telecommunications regulates the rates for international calls, separate and distinct from anything else. There were no rate hearings or meetings relating to those particular calls. There was also a Statutory Instrument, made under the Telecommunications Act, concerning the sharing of revenue between the international carrier and the domestic carrier. In fact, the last Statutory Instrument 11, 1989 stated that 55 per cent of the revenue of Barbados External Telecommunications (BET), is to be paid over to BARTEL so that there is an automatic transfer of those funds from one company to another.

We have had the responsibility of undertaking a wide range of reforms, not only in the law as we are debating today, but in the supervisory and regulatory structures. We have established the Fair Trading Commission and have given it, as its policy mandate, the economic regulation of the telecommunications sector. Sir, part of that has already been passed over by way of the Utilities Regulation Act, repealing the Public Utilities Board Act.

This Telecommunications Act, as we will discuss later, also makes provision for the Fair Trading Commission to perform the function of rate setting and all related matters for telecommunications, international and domestic calls.

The era in which we operate today is completely different from that in which many of the former structures were created. We are operating in a situation in which the demand for telecommunications service has changed. We operate in a situation in which the technology has made available to us a wider range of services than previously existed. For example, with the growth of the internet, there has been a shift from telecommunications being used mainly for the transmission of voice messages to telecommunications being used for data traffic. I believe that the internet has now become a channel for voice communication.

We also note that today, unlike years ago, various

forms of wireless communications have become the norm, and this speaks to cellular telephones and other means of wireless communications. Sir, you would notice from the various advertisements that you are now able to obtain your e-mail messages on your cell phone. One of the companies has brought out a cell phone which functions as a palm pilot as well. You are able to do both functions with your own computing and communicating device. Sir, that has only been made possible by way of many countries of the world taking a more liberal approach to telecommunications and having a more liberalised communications environment. In fact, much of that was given its structure and underpinnings by the World Trade Organisation's (WTO) including in its agreement an annex on telecommunications. There is a further annex on the basic structure for the regulation of telecommunications services. As members of the WTO, we are committed to competition and the regulation of telecommunications services, ensuring the right of opportunity for establishment by any member of the WTO in the telecommunications infrastructure of other countries.

Finally, there is enough evidence that makes it clear that consumers benefit from liberalisation and from a competitive environment for the provision of telecommunications in a way that they do not benefit from monopoly provision of such services.

It is also interesting to note that much has changed over the last 30 years but especially over the last 10 years, for example, the way in which telecommunications are regulated around the world. According to the International Telecommunications Union, in 1990 they had registered only 12 independent telecommunications regulators. Sir, that stemmed from the fact that in many countries the Governments were both telecommunications providers as well as the telecommunications regulators, or private industries provided the services and regulated them themselves.

In the year 2000 there were approximately 96 independent telecommunications regulators registered and recorded by the International Telecommunications Union. In Eastern Europe, the former Soviet Union countries, Africa, Latin America and the Caribbean, there has been a great surge towards telecommunications reforms, and we in Barbados have not been left behind. It is interesting to note that much of the liberalisation of the sector has come in the area of cellular services around the world, where approximately 67 per cent of cellular services are provided on a competitive basis. In the international arena 72 per cent of services are provided on a competitive basis and 73 per cent of basic telecommunications services, domestic telephone lines, are still provided by monopolies.

We in Barbados are very much on the front end of the reform efforts when you take a global look at the situation

in terms of our move towards reform of the telecommunications sector. When persons speak of reforms for telecommunications, they speak of deregulation. Let me say to this Chamber that deregulation is not necessarily all. When we speak of competition, deregulation and liberalisation, that prompts the question 'Why do we need regulation? Why do we need to have a Telecommunications Act? Why do we need to have a Utility Regulation Act? Why would we need to have a Fair Trading Commission?'

11.40 a.m.

The fact of the matter is that the freest markets in the world, for example the US Stock Market, are generated by regulations. The telecommunications market in the United States is one of the freest and most liberal in the world, but it functions in the market according to the regulations. That is so for those examples of mature markets but, what is also even more true is that, at the commencement of competition, sometimes a higher level of regulation is required in order to ensure that opportunities are being created for entry into the market and that barriers are removed.

There is also a need to license the new providers of service and, again, there is regulation for that. Of course, there is a need to supervise interconnection between the service providers because there can be the situation in which there is a move to liberalize or to open up a market but then those companies already in the market are very much disinclined to offer the opportunity for new telecommunications providers to connect to them.

The bottom line is that it makes no sense to have a number of telecommunications providers in the market whose customers can only talk to each other. For example, if XYZ company came to Barbados and set up a cellular company and there was no guarantee of interconnection with the Cable & Wireless network, then it would mean that a person can only talk to someone else who had XYZ Company's telephone. Therefore, the need to ensure that whoever might be the service provider and whatever technology is being used, one can be connected to the network around the world. This matter of interconnection between providers of telecommunications services becomes very fundamental.

In short, Sir, the objective of the regulation of telecommunications, and this Bill is a part of the process that we are seeking to achieve, is to promote universal access to telecommunication service. In this regard, Barbados has had an extremely good record in terms of access to telecommunications services.

In Barbados the records will indicate that we have an over 90 per cent access rate for basic telephone services. Of course, from time to time, there are problems in terms of the local service provider keeping up the pace and connecting to new developments, but when you step back and look at the aggregate figure, we are up there with countries such as the

United States of America, Japan and the other advanced countries in terms of people's access to basic telephone services. There are still parts of the world where persons have to walk for miles in order to get access to a pay phone, let alone having access to telephones in their homes. Of course, we do not benchmark our requirement against that of the least common denominator. We benchmark against those who are the best, so that what we strive for now by way of universal access is to ensure that we look at the issues such as affordability, access by the disabled to the special telecommunications devices which they require in order to make their communication.

In terms of universal access, we now speak of access to high speed broadband communications, so that the case of Barbados' having access to a line on which one can get a dial tone and speak does not really score points. We have gone past that stage. What is needed is for universal access to mean that every line out there gives good high speed connection on the internet. That it does not cause the connection to fall out every now and again and that one can have access to some of the more advanced services because that is the nature of the telecommunications requirement that we face today.

Sir, the other objective of telecommunications regulations is to develop a competitive market. We who are versed in competition will know that it helps us:

- (a) to increase efficiency in the supply of telecommunications services,
- (b) to ensure that there is good quality of service,
- (c) to have a faster rate of access to advanced services, and
- (d) to achieve efficient pricing.

Sir, for those who may forget the impact of competition, one would know in relation to the fast food business in Barbados how the introduction of drive-throughs, play parks and other services was spurred on by some level of competition that came some years ago, albeit on a temporary basis. We can see other examples, where services of one kind or another are provided in a given industry, of competition coming in and influencing the existing service providers. I know in the retail business that one long-standing retailer, as part of its promotional advertisement, now has more warehouse shopping because they have seen the obvious attraction to home and warehouse shopping that new entrants into the market have created, and they have changed their arrangements to create that warehouse scheme. Of course, in terms of pricing, we know the miraculous means by which prices seem to

fall when there is a competitor down the street who is offering the same product at a much lower price. That is an important objective of the regulation.

Another important regulation which this legislation, and accompanying legislation, will address is the matter of preventing the abuse of market power. Sir, that is an important consideration.

The reality is that in moving from a situation in which one functions in a monopoly framework to that in which there are several competitors providing the same services, the incumbent obviously starts with a dominant market position. He is the 100 per cent provider of services and he is not going to go from 100 per cent to some minority position with the waving of a wand. Naturally, any of us in business would take defensive measures to ensure that whatever might be our market share must remain our market share, now and in the future.

Sir, that is the nature of business and if a person does not take those strategies, then he should not be in business. What is important is for us, as responsible operators, to ensure that whilst taking account of that natural occurrence there is no capacity, ability nor opportunity to allow for the abuse by the dominant provider of fledgeling new competitors, so that, Sir, things such as excessive pricing and anti-competitive behaviour of one sort or another are addressed.

Sir, take the matter of the interconnection. When there is an incumbent telecommunications operator and licenses are granted to new operators and without the precaution taken of ensuring that there is a legal requirement for the incumbent to allow new competitors to connect to its network, then there can be foot-dragging, excuses about technical considerations, and pricing quoted for the right to connect, all of which might very well be developed for the single purpose of ensuring the competitors do not get to muscle in on the market. Sir, the legislation which we have today will speak very clearly to this.

11.50 a.m.

I can tell you, and I will discuss the details later, that the interconnection between carriers is mandated and that the Fair Trading Commission will be empowered by this legislation to supervise all of the aspects relating to the application for and the grant of approval and other matters relating to the interconnection of carriers.

In addition, Sir, they have all the powers necessary under this legislation and their own legislation, but the Fair Competition Act will further strengthen the new entrants to the market by way of the provisions which will be contained there, regarding the anti-competitive behaviour by dominant firms in the market.

Sir, another important telecommunications regulation

is that of creating a more welcoming, stable and predictable climate which would encourage investment to expand telecommunications networks. Sir, we in Barbados have been able to benefit over the years through continued investment in our telecommunications network by Cable and Wireless. They have done some things that we do not like and we criticized them for it but if we will be honest, the fact that we, as a small country, are able to communicate freely by telephone, fax, Internet – all of these services – could only be attributed to the people who have owned and operated the system.

Over the last five years, notwithstanding the fact that we have sent very clear signals to them that the monopoly exclusive licences which they were granted had to come to an end, and notwithstanding the fact, Sir, that over the past five years, we had indicated to them quite clearly that we were going to change the regulatory framework to introduce competition, they were still inclined to invest some \$250 million in Barbados to upgrade our network.

Over the years, we have had a very sharp increase in demand for access to international communications. It is something which the experts call bandwidth, Sir, but it is essentially the capacity of your external means of communication, to generate x number of telephone calls or whatever. You will realise, Sir, that in the times of an emergency or on Christmas Day or other peak periods, you will get a message saying, 'all circuits are busy' and that is when you are at the end of the bandwidth.

We obviously have an interest in ensuring that there is a continued investment in things like that for our international financial services sector and other sectors of the economy that are dependent on high speed telecommunications. They need to know that they are able to transfer their data in the shortest possible time and for that a wide bandwidth is required.

Over the last several years, for example, the company has upgraded the East Caribbean fibre optic link. That is an under-ocean cable, Sir, that goes through the Caribbean from Tortola, down through the island chain, through Barbados and on to Trinidad.

They have also, Sir, invested in Americas 2, which is a larger undersea fibre optic cable. An application has been made for investment in Americas 3, which is an even further expansion and that, along, Sir, with satellite communications, allows them to communicate by both means, undersea cable as well as satellite. It has given us a level of security that, in the event of a natural disaster, a hurricane or otherwise, Barbados will still be able to continue to communicate.

The framework for investment has been there but we want to ensure as well, in this legislation, that the framework continues to be such that it will encourage new people to invest the substantial sums which are required to help us achieve the objectives that we have set ourselves. We want to be in a position to encourage companies to invest in the new antenna structures required for cellular communications; and to invest in the satellite dishes, and other communications and switching systems necessary for international telecommunication services and to introduce entirely new technology such as we may not have seen so far.

An important objective on which this legislation is based, as well as an important aspect of reform and regulation, Sir, stems from the fact that we need to ensure that we continue to have public confidence in the regulation of telecommunications by having transparent regulatory and licencing processes. This is important.

Over the years, Sir, we have had the Public Utilities Board as the means by which domestic rates are set. We have had, Sir, as I said earlier, the Minister for Telecommunications being the means by which the international rates were set.

Asides.

Hon. R. R. FARLEY: Sir, as part of the new framework that we are creating, we have established the Fair Trading Commission as that single body which will set the prices for domestic and international rates and which, through its policies and procedures, will ensure that there is transparency, openness and things of that nature.

As far as licencing is concerned, Sir, it will fall to the Minister for Telecommunications to grant licences to new applicants for the provision of various services. Those licences will be granted in the most transparent manner. In fact, as part of the process of liberalisation, in each and every case where licences are to be granted, there will be a public request for proposals issued. This is the kind of thing you will see, Sir, when persons are invited to tender for the construction of highways or the conduct of some consultancies. The request for a proposal will spell out the criteria that are to be used for the evaluation of the proposal, the kind of information that is required, the time frame in which it is all required thereby, Sir, allowing all and sundry...

Asides.

Hon. R. R. FARLEY: Sir, that is the way we will conduct ourselves, by way of the licencing of competitive services and I will give further details on those matters a little later.

Of course, Sir, another important regulatory objective is to protect consumer rights, including privacy rights and other legislation dealing with the matter of protection of privacy in this information age. That is an important consideration as well.

Of course, the matter which I mentioned previously, guaranteeing the right to interconnection, is another important regulatory objective, as is the management of spectrum, which is one of the scarce natural resources and I will speak just a little bit on that.

The fact, Sir, is that spectrum management has become one of the important new areas for the management of telecommunications around the world.

12.00 noon

In simple language, the spectrum is the airwave, as people call it. So having access to the airwaves for the purposes of telecommunications is a right and a privilege that can only be granted by the Government. Of course, there are several competing potential usages for this radio communications space in the airwaves. There is a need for broadcast radio stations to have access to spectrum allocation. There is a need for aircraft communications. There is a need for ship-to-shore communications. There is a need for amateur radio operators such as ham operators and CBers. There is a need for military and police specially secured frequencies and access to the spectrum, and there is the need for an ever increasing range of wireless applications such as cellular telephones and we could go on and on. So, in all of those entities are persons who will make use of this spectrum.

What is new about this legislation is that it will make provision for the licensing of the users of the spectrum. That would be done in such a way as would not only ensure Government's continued control and management but would represent a new revenue stream for the Government. In fact, for several countries, the revenue stream has been handsome in terms of the options and other means by which persons have been able to gain access to the spectrum and we in Barbados will ensure that we are able to benefit fully from the use of this particular resource. Sir, that really is the background against which all of what we are doing today has to be taken.

We have a requirement to ensure that Barbados is able to achieve its national economic objective which depends on the provision of competitive telecommunications services which are low-cost, high-speed and of appropriate capacity, also known as high bandwidth. We need to ensure that we continue to have a system of regulation where there is the independence of the regulator. Yes, the regulator operates within the framework of the laws and policies established by Government, but once that outer

framework is set, the regulator is free from interference in coming to decisions on matters which are put before the regulator to ensure that there is transparency, objectivity, professionalism and efficiency in arriving at those decisions, and it is a tradition with which we are very familiar. This is the manner in which the Public Utilities Board (PUB) has functioned over the 44 years of its existence and it is, therefore, not a new departure or a new adventure on which the Fair Trading Commission (FTC) would have to go in order to give us what we are looking for.

So whereas this particular aspect of the reform might have been difficult for other countries which were not familiar with the process, the precepts and principles of professionalism and all the other things which guided the Public Utilities Board (PUB) through those many years are the things which the Fair Trading Commission has been following and will continue to follow.

Sir, the matter of telecommunications reform is, therefore, seized upon by this Administration at a very early stage. Recognizing that the legislation, the Telecommunications Act Chapter 282A, represented a very inadequate framework for the supervision and regulation of telecommunications services, recognizing that we as a member of the World Trade Organisation have made commitments concerning the liberalisation of the telecommunications sector and recognizing that the structure of our economy is so dependent on services such that we needed to have efficient, competitive and advanced telecommunications services, we did a number of things.

In 1996, we established a technical committee to formulate a national telecommunications policy. That committee was able to produce its report in early 1998 in which it set out a number of policies that the telecommunications sector and telecommunications framework should aim to follow. These were, and I quote from the document –

- * Access to basic telecommunications service under a universal service objective;
- * Competitive telecommunications service prices;
- * State of the art telecommunications technologies that facilitate services comparable to those offered in the developed economies;
- * Continued investment with a reasonable rate of return, a reasonable and equitable basis on which new entrants may provide services, thus allowing competitive market forces to drive prices and assist in regulating the market; and

- * To have a more efficient and responsive regulatory environment for the telecommunications sector.

In 1999, on assuming the responsibility as Minister of Telecommunications, I continued the work which had been started by then. Indeed, I commenced negotiations with Cable and Wireless concerning the Government's programme for telecommunications reform and how it would impact on them and what they needed to do. Those negotiations culminated in the signing of a Memorandum of Understanding between the Government of Barbados and the Cable and Wireless companies in Barbados on October 16, 2001. I must say that there was no secret deal in reaching the point where we signed that Memorandum of Understanding. We did not negotiate, come to an agreement or sign in any smoke-filled back room or boardroom, and there was not one red cent of payment by way of compensation or otherwise to the Government of Barbados by Cable and Wireless, or the other way around, for the early termination of these licences; not one red cent.

We were able by way of very tough, very robust and very thorough preparation and negotiations to come to a position on which we are happy and we also made sure that the public was fully aware of all that we were doing and all that we did. Shortly after the signing of that Memorandum of Understanding, we laid a copy of it here in this Parliament to make it a document of the people of Barbados because it is the people's business that we are transacting. I do not recall the Democratic Labour Party in their 1991 telecommunications intervention filing the documents which resulted as documents of this House. I do not recall the level of public disclosure surrounding what we are proposing to do, and what we did, coming out from them at that time. Our approach in this matter has been the total opposite of that of the Other Side.

12.10 p.m.

That document is a document of this House, a people's document, available for all to see and have. It contains the agreement between the Government of Barbados and Cable and Wireless as to how and by what means we will move from the framework that I discussed earlier – where they had a 20-year monopoly, exclusive license granted in 1991 and due to expire in 2011 – to the framework as described in this document where, in the programme commencing December this year and ending at the latest August year after next, we will move the liberalisation of telecommunications in Barbados to a programme in which, during the next 12 months, we would have done all that is necessary to have a new cellular telecommunications company in Barbados providing services to the people of Barbados. Under this framework and agreement we would

have, during this next 12 months as a first phase of the agreement, call centres in this country, employing more than 50 persons, and being free to establish their own telecommunications infrastructure immediately and not have to go through the telecommunications infrastructure of Cable and Wireless.

Sir, it is an agreement in which we would see, during the next 12 months as part of that first phase, that persons will be free to exercise their choice of sourcing the type of equipment that they use in their homes and offices up to small PBXs, which are known as "under 34". In other words, Sir, we are creating opportunities for immediate entry into the market for leaders and other technicians involved in the provision of telephone equipment. To put it another way, it is a similar situation to that by which the Barbados Light and Power Company provides electricity to your home but then you and your electrician, subject to inspection from the Government Electrical Department, decide on where you are going to buy your appliances and how you would wire your house internally to access the supply of electricity from the Light and Power.

Businesses, individual houses or whoever do not necessarily have to deal with Cable and Wireless in accessing their telephone equipment, in wiring their premises and things of that sort. Therefore, it provides an opportunity for entrepreneurs to function in those particular areas. It provides as well, opportunity for reselling of Cable and Wireless minutes or access over the Cable and Wireless network by entrepreneurs.

All of us have gone to other countries, Sir, where we are able to buy a range of calling cards and we dial a particular number and – let's say we buy a card for \$20 – for this \$20 we can get x number of minutes to Bangladesh and x number of minutes to Barbados and another set of minutes within the United States. That will be available under this immediate reform programme as well, so that entrepreneurs who are able to buy bulk time at a discount and are satisfied that they can retail that time at a profit will be able to enter and participate in the market as well.

The reality, Sir, is that reform efforts around the world have demonstrated that telecommunications companies do not in fact lose. They are able to sell their services at a cheaper rate but still are able to participate profitably. The entrepreneurs who buy the bulk minutes on discount and sell them by calling cards make a profit as well. The consumer benefits by being able to pay the lower price and everyone benefits by way of the retail of these minutes and, of course, the accommodation which already exists in the provision of internet services and other value-added services will continue. Things like provision of voice mail systems and other message systems would be deregulated as well and there are companies, for example, in the United States of America, that specialise in providing those kinds of value added services, those extra add-ons for you. That is the

nature of the agreement we have reached.

What we have undertaken to do is to make sure that there is openness and transparency in terms of the new regulations. Naturally, all of the reform efforts which we have undertaken so far, and which we will undertake now are such that the incumbent Cable and Wireless and new competitors to the market will have no doubt about the framework in which they are coming to operate.

As I said, Sir, there were no secret deals, no agreements in smoke-filled back rooms and not one red cent was made by way of a buy out of the time on the remainder part of the licence or any other such feature. Neither was there any arrangement stated or implied such as to allow Cable and Wireless in the future to fleece, gouge or otherwise "juk out the eye" of the people of Barbados in order to make back any money that people might perceive that they have lost.

First of all, any applications for rates must go before the Fair Trading Commission, an independent agency following policies but making its own assessment of the provisions. The same rigorous treatment, or even greater, which the Public Utilities Board would have applied in making their assessment of the applications by Cable and Wireless in the past, you may expect the Fair Trading Commission to do as well. There cannot be any agreement on "jukking out people's eyes", fleecing or gouging to allow them to make money in the future as part of this. That is not on.

Secondly, Sir, reform efforts in telecommunications are not new. In the United States, the break up of the Bell system since 1984 and the introduction of long-distance competition, although they kept the local services as monopolies, the passage of the new Telecommunications Act in 1996 and the reform of the Federal Communications Commission are all examples of reform.

We have had reform in Canada, in England and in several other places so that we are not new to reforms, and neither is Cable and Wireless. All the experience shows that although for convenience and ease of operations monopolies would naturally like to continue being monopolies, in fact, Sir, a well-run, efficient company can readily make the transformation from a monopoly environment to a competitive environment and still continue in business.

In fact, Sir, I would think that if a company has been operating in a market for a long time – they were here for a very long time – and a little competition would cause them to go out of business, then it was out of business ever since.

The reality is that normally in the market where there has been liberalisation and competition, there has been enough room for the incumbent and the competitors coming in and there has been no need in those cases, nor in this case, for any special consideration concerning future pricing or future earnings in order to make the deal happen. What has happened in many cases is that the incumbent has become somewhat of a wholesaler of services to a number of other new, more aggressive, more market-driven entities and the incumbent has made its revenue off interconnection charges. 12.20 p.m.

For example, in the United States of America, up until recently, AT&T owned the majority of infrastructure, in the long distance as well as the domestic market, and many of the other carriers offering services bought access to the network from AT&T.

Sir, I want to make the point that competition is not new to Cable & Wireless. We have seen in Jamaica that the liberalisation of the market has begun to work for them. In fact, the cellular market has seen a tremendous improvement in the quality of service and the reduction in prices and the new entrants have outstripped the incumbent in terms of the number of consumers. This battle between the two is healthy for the consumers.

Mr. Speaker, the Government of Barbados would not be financing any of these new operations and, therefore, we can simply sit back as regulators and watch the consumers benefit from the lowering of prices engendered by the healthy competition which will exist between the two.

Sir, the Memorandum of Understanding is here for all to see. It contains the details of the legal requirements for the transaction of the transfer of existing monopoly licences to new licences which would be granted under this legislation when it becomes law.

Sir, now is as good a time as any to start to speak about what the legislation makes provision for. This Telecommunications Bill provides for establishing a framework for authorising ownership and operation of telecommunications networks. It makes provisions under its Objects and Reasons for the provisions of telecommunications services on a competitive basis, allowing the widest possible access at affordable rates.

It is designed to encourage the prevention of unfair competition practices by carriers and service providers. It also speaks to the preservation of the public interest and national security and, of course, it speaks to the overall development of telecommunications in the interest of sustainable development.

Sir, the Bill represents a point of departure in the regulations of telecommunications in a number of ways. I made mention earlier of the bifurcated nature of the supervision and regulation of telecommunications in Barbados in the past. One aspect of the pricing was done by the Public Utilities Board and the other by someone else.

Sir, we recognise that the regulation of telecommunications involves a wide range of activities, some of them policy oriented and others relating to the economic issue like rate setting. The policy issues will be dealt with by the Ministry responsible for telecommunications and the Act provides for the Minister to do that.

The Fair Trading Commission will be the entity to deal with the rate setting and other aspects of economic regulation of the sector. The Act, therefore, in conjunction with the other relevant legislation, specifies the powers and duties to be performed by these two entities. The Fair Trading Commission is also charged with the responsibility for enforcing policy relative to competition between carriers and service providers and regulating prices for various services.

Essentially, the Fair Trading Commission oversees and supervises interconnection. In fact, the Utilities Regulation Act has already listed the supervision of interconnection as one of the powers under the Act. The Telecommunications Act goes into more detail on what it entails and how the Commission moves, but the Commission, of course, makes its own rules as far as the wider details are concerned.

Sir, it is also important to note that the Act, while looking to the future, recognises that in the initial period of competition there will be need for substantial regulation in the industry. It also recognises that this is not a two-year piece of legislation but that the legislation is for the long term.

12.30 p.m.

The fact is, the freest markets in the world, for example, the Stock Market in the United States, is guided and regulated by regulation. The telecommunications mission is to practice forbearance in regulation, that is, to give up some aspect of the market to the competitor. Where there is competition in a given service, the commission or the Minister can make a decision not to regulate prices in those areas but to deal with the quality of service and other issues and let the market forces take care of price.

The ultimate objective for communication regulations in Barbados, as in other jurisdictions, is to have a judicious blend between having a set of rules known to all and followed by all and open transparent objectives, but without a regulatory overload to stifle creativity and technological innovation and slow the entry of new services and competitors into the market.

Sir, as far as licencing of carriers is concerned, there is a regime under the legislation for the Minister to grant, renew, suspend or revoke licences. Provision is made for the payment of annual licence fees. Sir, while we will be granting non-exclusive licences for various categories of service, the Government will also ensure, in the public interest, that it collects appropriate revenue, as determined by the Minister of Finance, for the rights and privileges granted to persons to operate public telecommunications services.

The legislation makes provision for different categories of licences. A licence is required to operate a network, a licence known as a carrier's licence. To become a telecommunications network, whether it is mobile, domestic or international, if you are operating your own network – that is, you are owning physical facilities for the transmission of telecommunications, then a carrier licence would be appropriate.

Licences will also be required for various spectra. The Government had not in the past fully exploited the use of this rare and national resource. Yes, licences were granted but not in a manner to ensure the increasing economic value of spectrum allocation to telecommunications companies; to ensure that we are able to materially benefit. Licences that were previously required for dealers in telecommunications equipment will continue. Service providers would be required to have licences as well. Licences for service providers will primarily be of a simple registration process which will allow us to know who are the persons involved and would allow them to be recognised under the legislation. Sir, while the Act does not descend into the details of the administrative arrangements which would surround how the Minister exercises his responsibility and right for the granting of a licence, all of us know that in our system of Government, while the law may say that the Minister does or does not, that is not how it works. Ministers do not awake from their sleep or in the midst of a dream and go and commit whimsical or capricious acts. If they do, they soon will not be Ministers. Therefore, the administrative arrangements which will govern the granting of licences will be as I described and will be proposed to Cabinet.

Mr. Speaker, although we have had many applications before the Ministry for licences for various reasons, we will not limit ourselves to those persons who have applied of their free will and accord. We will go out with public notice of a request for a proposal, setting out the details of what information we are looking for and in what time frame in we will propose to receive, review and allocate a licence. We will put that in the public domain, write those persons who have previously written us and let them know what is the prescribed form.

It is only by that means that we will be in a position to ensure that we give ourselves the opportunity for the best solution, for the most effective, efficient and suitable

providers of services to emerge. That is the way that I will propose to deal with it. There are some who would want to suggest that the legislation does not address it. There are some things that legislation never defends in those details. Although the legislation speaks to it, it does not leave the Minister free to do as he pleases. The provisions of the Administration of Justice Act apply to this legislation as all other activities of Government. The legislation also gives appropriate protection to those persons who have applied or whose licences have been revoked for one reason or another.

The legislation also recognises that all telecommunications are for public purposes. Cable and Wireless operates telecommunications which is called the public switch network. There are also a number of users who use telecommunications services for private purposes. For example a trucking company that has several trucks may have its own base station and some walkie-talkies. They are licenced but the requirements are not as onerous as they are on a company which is established to charge fees and to provide a service to the public. Provision is made in relation to the licencing of private telecommunications. It also provides for the Minister to consider in determining whether to grant, renew, suspend or revoke a licence.

Sir, a person who is granted a licence to operate private telecommunications must operate as a private operator and not operate as something else. There are terms and conditions which are attached to the granting of a licence. The details of the granting of licences which will be spelled out in the regulations are to be made under the Act. We all know that the Act is going to capture those aspects which will be enduring. The general policy will be in the main body of the Act and the regulations made under the Act give working effect to the legislation. Regulation will be changed from time to time without having to revisit the body of the legislation. Therefore, substantial regulations are to be made under the Act and for that purpose we already have several consultants on the job in the Ministry developing draft licences for all of the categories that I have mentioned.

Sir, I made reference to interconnection and the fact that an incumbent – left to itself, conceivably, in an effort not to have competition, notwithstanding the Minister or whatever agency grants licences – could, if he is so minded, frustrate the efforts of new entrants to the market by failing to provide access to his network. An essential component of telecommunications liberalisation is that each provider of telecommunications services must not be required to build over networks. If you have a number of domestic telecommunications providers, each one must not be mandated to have to install wires on poles across Barbados.

12.40 p.m.

If there are a number of cellular telecommunications companies, each one must not be mandated to put up its own equipment. If it so chooses – fine; but, at the end of the day, the subscribers who take their services from one company must be able to communicate with the subscribers from another company, otherwise we are wasting time because that is what makes a public telecommunications service public. The private telecommunications service is one where, by definition and design, persons are limited. For example, at a construction company one wants a frequency and equipment that only those designated persons can link into, but by way of public services you want to be able to communicate with other carriers who are your competitors; you want to be able to communicate with persons outside of Barbados and around the world. Therefore, Sir, the interconnection agreement and the principle surrounding those agreements are the way in which it is done.

Sir, this is an area that is new to Barbados. In the history of Barbados there was never any need for anything called an Interconnection Agreement because there was only a monopoly company - Cable and Wireless - who would naturally ensure that all consumers would be able to talk to one another using its own network and overseas connections. Sir, what is needed now is for the legislation to guarantee that anyone who is granted a licence to provide any of the classes of services will be able to connect to Cable and Wireless and/or any other company providing the services. Therefore, what is mandated is that a carrier will provide these interconnection services. Of course, by law, it also provides that terms and conditions under which these services are provided are transparent and nondiscriminatory. Most fundamentally, Sir, that they must be provided on terms no less favourable than the terms that the company provides to its own affiliates, which is important. It is one of the ways in which unfair practices in Barbados present themselves in business. Sir, to draw an analogy, Cable and Wireless operates a cellular company, the cellular company connects into the domestic services of the BARTEL network, so that one can use one's cellular phone to call someone on their domestic line at home or overseas. There is a fee which BARTEL will charge its cellular company for making the connection and will help to offset cost.

A new cellular company would, under law, be guaranteed that it can connect into the BARTEL network, to make either a domestic call or reach a Cable and Wireless cellular customer. What the law provides is that the fee which BARTEL charges Cable and Wireless (Caribbean) Cellular for making that connection cannot be cheaper than what it charges the third party. It can be the same. It is important, Sir, that these are areas that the Unfair Competition Act will address. There are a number of businesses that provide more favourable terms, either in terms of the price of the goods sold to their affiliates, whether it is one's brother's company, a subsidiary or

whatever. Sir, this method distorts competition because a person is out there competing and the company that he is competing against gets its raw material at a cheaper price than he, while both companies are buying from the same source. That will not be allowed to happen in the Telecommunications Act and that is an important aspect of the interconnection.

Also, Sir, the interconnection process would require the incumbent company, at an early stage, to provide what is called a reference interconnection offer. That is a detailed document containing technical and financial information of sufficient detail as will allow a company, if it desires to set up another company, to know at which point in the BARTEL network it can connect in order to get access to all of the other people. Will it be at the Windsor Lodge Exchange, the Gazettes Exchange or the switch in Wilkey? It will also specify what is the basis of the calculation of the price that is being charged for connection.

Sir, that reference interconnection offer has to be submitted to the Fair Trading Commission for analysis and approval, so that they would be able to determine whether the competition is fair or not. The Fair Trading Commission will, thereafter, supervise the negotiations, *et cetera*. In fact, the legislation itself specifies maximum times within which an application must get a response because, of course, one way of keeping competition out is just not to respond at all. The legislation mandates that there has to be a response. Indeed, negotiations on interconnection must start within 30 days of the receipt of such an application by the company. The Fair Trading Commission can check on the terms of the agreement to make sure that they are consistent with the legislation and with the interconnection offer as specified.

Sir, this along with other matters is where the issue of confidentiality will arise. The Act makes provision for the treatment of confidential information, which is generally taken as information such as if disclosed would cause material damage to the entity of the owner of the information. In other words, in the process of what the Fair Trading Commission, the Minister, the staff of the Ministry may do, it cannot take up the vital information of a party to proceedings to pass on to a good friend or competitor, *et cetera*. That is provided for in law, to ensure that there are very high ethical standards attaching to the matters.

The definition of and the approach taken to confidential information in this legislation are the same as those taken in the Fair Trading Commission legislation and the Utilities Regulation Act and, therefore, there is some harmony in these matters.

The legislation also makes provision for where there is a universal service obligation. I mentioned earlier that in

Barbados we are fortunate to have broad coverage of the island as far as the provision of basic telecommunications services are concerned. However, our approach is that our universal service policy has to ensure that every individual or business has access to reliable and affordable telecommunications services all across the island. The other aspects of universal service relate to the ease and the wider access to basic communications, to access within relatively easy distance and convenience to pay phones, as well as access to directory inquiry information, to emergency numbers and, as mentioned previously, to ensuring that appropriate equipment is provided for the disabled.

12.40 p.m.

The mechanism to be used, recognizing that there will be several carriers involved in telecommunications, is that the method which is known universally as an access deficit charge will be applied and that charge will be determined by the Fair Trading Commission, which will do the technical analysis and determine what that charge will be to help offset the cost for provision of universal service.

The rates to be charged for telecommunications services are dealt with in this Bill. The rates are to be set by the Fair Trading Commission under the provisions of this Act as well as of the Utility Regulations Act and the Fair Trading Commission Act. It will be the responsibility of the Commission to establish the mechanisms for setting these rates. It will also, Sir, be up to the Commission to basically conduct its business in accordance with its own provision. There will be nothing here in this Telecommunications legislation which will seek to impact on the manner in which the Commission does business. Sir, the Ministry of Telecommunications will deal with telecommunications policies, and for a policy decision to be made between the Minister and the Commission in determining the services to be price regulated. Sir, there will be adequate provision for regulatory forbearance, as I mentioned, in that particular matter.

Sir, the Minister with the responsibility for the Fair Trading Commission, may be in a position to speak in more detail about those matters but what I can say is that, as part of the transition arrangements, there will have to be special efforts made to get us from the point where we are in terms of the way that domestic rates are regulated versus international rates - one was a rate of return measure and the other was purely based on the discretion of the Minister - to get us to the point where we can have more harmony of approach.

Therefore, Sir, as part of the ongoing work, there is a price and principles group which has been at work over the last several months to bring us to a conclusion in that particular regard. Let me just say, Sir, that a lot of public comment has been generated over the last several months on

the question of whether telecommunications reform means that you meter or you do not meter and on what the rates would be or would not be. It is not a matter which is determined either by this Act or in this Act.

The matter of the way in which rates are set, Sir, will be a matter which will fall to the Fair Trading Commission. It is important, Sir, for all of us to recognise that either system can work. A flat rate system can achieve the same objective of cost oriented pricing as a metered rate system and those are matters on which we should not enter into lightly.

We certainly, as a Government, have indicated that as far as a policy precept goes - and we have specified in our various documents and other pronouncements that we think either system, the flat rate system or the metered rate system, can work - our preference may be for a flat rate system. However, Sir, we do not believe that you should establish institutions and then dictate all of their professional judgments.

Therefore, Sir, the matter of which method of pricing is used, whether one or the other or both, is a matter which does not fall within the confines of this legislation. Therefore, people should not cite it as a deficiency of the legislation because we notice that in the legislation we do not attempt to pronounce on the method by which rates are set because that is to be done by the Fair Trading Commission.

Sir, the matter of numbering by telecommunications carriers is one on which there will be substantial change. Previously, with a single company, that company would be responsible for administering that aspect. This is going to be one of several new things which the Ministry of Telecommunications will be required to do. A telecommunications business, in this case, must not be put in a position where a key aspect of its business is controlled by a competitor.

Therefore, the situation of Cable and Wireless continuing to assign and administer numbers, would be an untenable situation where a competitor would have to ask to have the number allocated to a client. Therefore, the Act makes provision for the Ministry of Telecommunications, under the Telecommunications Unit, to do that. So too with the matter of technical standards for telecommunication equipment, technicians, radio communications and other technical aspects of the Bill.

I should say, Sir, that this matter of the new requirements or the new work which is to be done by the Telecommunications Unit requires that that Unit be

expanded and strengthened. Indeed, Sir, one of the consultancies on which I will update the House after lunch is aimed, Sir, at enabling us to strengthen that particular Unit, which now has new and heightened responsibilities to add to those which it currently executes.

The remainder of the legislation, Sir, deals largely with a number of compliance issues relating to the protection, rights and responsibilities of persons who will be granted licences of various classes under the Act. It also, Sir, deals with the matter of construction work by carriers. I should say, Sir, that this matter of telecommunications companies having access to public facilities, the roads, *et cetera*, for laying of conduits, cables and poles is a matter which is common in legislation around the world. It is not new to this legislation and it just makes adequate provision with adequate controls, as well; but it also makes provision for the carriers to be able to have access to infrastructure, such as would enable them to get on with their business.

That, Sir, represented the very broad brush of what this new legislation will provide for. I recognise the hour is drawing nigh at which time we need to break for refreshments, Sir, and I will conclude my second reading speech on the resumption.

SUSPENSION

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

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

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

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Hon. R. R. FARLEY: I rise to conclude the second reading speech on this Telecommunications Bill and to indicate that by way of the implementation of the telecommunications reform which we have announced that we are very much well on the way. This Bill is part of that process, as indicated at the start, to create a new framework for the conduct of telecommunications activity by removing the monopoly and the exclusivity associated with the operations of Cable and Wireless and to allow and actively promote competition.

As indicated, Sir, we are doing all such things as are necessary to ensure that we are able early next year to have competition in the cellular telephone market and that we will

be able to introduce competition in the provision of domestic services during the following year. To help us do that, Sir, there are a number of things that we need to do. The Telecommunications Unit in the Ministry and the Fair Trading Commission (FTC) will be asked to do some things that they have never done previously. Both entities have engaged consultants who have had experience in other places in these matters and we will have a very vigorous and aggressive work programme.

We have been able to obtain technical assistance from the Inter-American Development Bank (IADB), the Commonwealth Secretariat, the Canadian International Development Agency (CIDA) as well as the International Telecommunications Union, of which we are a member.

So far, Sir, we have been able to develop draft regulations to this Act. Those draft regulations cover a range of issues from licences to universal service obligations and to a spectrum, *et cetera*. Those are the technical areas which I will not delve into right now. We have also already prepared draft licences to be issued under the Act and which are being reviewed and considered by the Ministry of Commerce, Consumer Affairs and Business Development, the Fair Trading Commission (FTC), the Solicitor General's Office and others. We have also developed draft guidelines for the technical standards and equipment to be used in the future to facilitate interconnection. The Fair Trading Commission (FTC) is working on the details and the rules to guide interconnection.

We have four consultants from Canada and we have been giving ourselves a very close and critical examination in the Telecommunications Unit to determine our strength and weaknesses and all the effort to remove any deficiencies which would stand in our way to being able to undertake these new tasks which have been assigned to us.

All in all, Sir, I am very confident, given the work plan which we have, that we will certainly be able to implement this exciting programme. So, for example, during the rest of this month and during January we will conclude the assessment and undertake the programme as well as the financial budgeting for the telecommunications department in its new form and structure. We will conclude the draft licences and issue new licences or replace licences under the new legislation with Cable and Wireless.

We will also adopt several of the technical things I mentioned so far, such as the national frequency allocation. We will also have developed, or concluded, I should say, the format of the licences for new applicants and things of that nature. Between February and April next year we would be in a position to licence a new cellular telephone operation and soon after that we hope the company would put its

business in order and be up and running, but certainly we are aiming for between February and April to grant the licence for the competitor to come into the market. We will also be able to conclude the rules for the use by call centres of a very small aperture terminal satellite facility (VSAT) and related matters and during April to December we will press on with the remainder of the work.

Such, therefore, Sir, is a very brief sketch of the work programme which we have adopted towards giving effect to what we have decided to do. So this legislation represents a path breaking moment in telecommunications administration in Barbados. The first major step in that regard was the conclusion of the Memorandum of Understanding with the incumbent Cable and Wireless. This legislation now fully defines the parameters within which that company as well as new entrants to the field will operate well into the future.

We, as indicated, will ensure that all associated and technical support is very much in place to give meaning to the Act. The Act by itself, though necessary, is not sufficient to ensure that we are able to obtain the objectives that we have set for ourselves and we recognise that. So, we are not assuming that by passing the legislation all will be well and everything will fall into place because we know that there are several issues still to be worked out.

We know that in terms of the relations between the Government and Cable and Wireless that it may not always be an easy road, even into the future. Even though we have the agreement and things of that nature, there are still matters for which they have to make formal application to the Government or the Fair Trading Commission (FTC) as the case may be. We will expect, as we did in the negotiations, that there would be full, firm, vigorous but fair and frank negotiations and, therefore, one can expect to see some flexing of the muscles on both sides as the case may be.

So all that really remains for me to do now is to commend this legislation to this Parliament and to urge Parliament to give this legislation the support it needs taking into consideration all the framework which I have outlined in terms of the other aspects of telecommunications reform which will not be represented here by this legislation.

I want to indicate my utmost appreciation to the officers of the Ministry who have worked on the matter and the officers of the Chief Parliamentary Council's Office who were certainly challenged by the very tight time frames which we had set ourselves in bringing this legislation to the point where we are. Of course, my appreciation must go out to the Fair Trading Commission (FTC), which functions under the responsibility of the Ministry of Commerce, Consumer Affairs and Business Development, for their cooperation in this process.

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

second time.

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

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, this is the second time that we have had the opportunity to take a look at telecommunications policy in the last few weeks. I do not propose to be very long in relation to this matter because I believe that when the debate commenced on the Green Paper on telecommunications that many of the matters which I was going to raise were already put before the Chamber. So I do not wish to simply repeat all of those issues except to say that I think it is very unfortunate, in the context of this particular debate, despite the fact that the Honourable Member for Christ Church East indicated that there was full transparency, that the matter really has not been as transparent as he indicated, in the sense that the Green Paper had been debated but the debate was not concluded and, therefore, Honourable Members were not able to determine whether, in fact, the policy had been agreed to or not.

2.10 p.m.

We all know that the Honourable Member for St. Lucy on this Side and some Honourable Members on that Side had not had a chance to fully conclude this and the House itself did not have an opportunity to finalise consideration of the debate. I do not have anything significant to add to the matter, except to say that the Honourable Member has not indicated that Government has moved away from the potential for metered rates, despite the comments about transparency. The Minister, himself, has relied on the provisions of the Administrative Justice Act rather than himself outlining time frames for responses to applications and matters of a similar nature.

For example, in the legislation, whereas the person providing the interconnectivity services has to respond within a specified time there is no such requirement on the Minister to respond to an initial application within a specified time. So it is not correct to say that there is a high level of transparency introduced in the legislation which would replace either the existing legislation or alternatively usher in a new era of accountability relative to ministerial conduct. I think that the Minister should also state for the record what the Government's policy is relative to telecommunications and CARICOM, because we have right at our backdoor a much more favourable arrangement developed by the Eastern Caribbean countries under Excel which, in fact, passed the process of an integrated and harmonised telecommunications sector in the region. I am very surprised that the Government of Barbados did not see it as an option to go into the Excel arrangement or to promote the development of such an arrangement as part of the single market and economy for which Barbados, as a country, and the Barbados Prime Minister have lead responsibility.

There is no indication that this Telecommunications Bill and the initiatives that are being introduced here and the administrative procedures that are part of this Bill are in harmony or have the potential of becoming in harmony with the developments in telecommunications which are necessary within the context of the Caribbean Single Market and Economy. I think the fact that Ministers are still introducing to this House legislation that affects services in particular without any reference whatsoever to our obligations under Protocol II to the CARICOM treaty would render, in the view of the public, all of this talk about the single market and economy useless. It does not make sense this being the Parliament of the Prime Minister with the lead responsibility for the CARICOM Single Market and Economy and yet Ministers continually introduce legislation without even commenting on the extent to which that piece of legislation governing that sector will become compliant with our obligations within CARICOM. No wonder the public is sceptical about the single market and economy and does not have enough information about it because the very persons who are charged with the responsibility of designing policies that are concurrent with those obligations are not doing so.

What about the telecommunications sector? At least the Eastern Caribbean countries, countries like Grenada, Dominica, St. Kitts, Nevis, St. Lucia, St. Vincent and the Grenadines, came up with a creative arrangement. They did not see themselves bound, gagged and tied behind the back like the Barbados Government has been by Cable and Wireless. No wonder in this debate, Mr. Speaker, the Honourable Member for Christ Church East in all of his comments about the Democratic Labour Party, a party that has been out of office for more than eight years now, despite all of those comments, he was able to tell this Chamber that the crowning achievement of his telecommunications policy was that he did not have to pay Cable and Wireless a cent to get out of an existing agreement.

What does that tell you? That Cable and Wireless is happy with the policies that the Honourable Member for Christ Church East is introducing and we said that from the time of the Green Paper on Telecommunications. He is Cable and Wireless compliant in every sense of the word. They did not have to pay the Government anything because they got everything they wanted. They wrote the Green Paper and no doubt they had a very significant hand in designing the Telecommunications Bill.

Hon. R. R. FARLEY: On a point of order, Mr. Speaker, I hate to stop the Honourable Member in full flight. The Honourable Member clearly made an error which he would need to withdraw by saying that Cable and Wireless wrote the Green Paper. It is not a fact, and the Honourable Member needs to withdraw that statement.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, do you wish me to withdraw it?

Mr. SPEAKER: Yes, withdraw it.

Mr. D. J. H. THOMPSON: Sir, my opinion is that Cable and Wireless wrote it because everything that was in it was compliant with what Cable and Wireless wanted. If you would allow me to withdraw the original statement and rephrase it in that way, Sir. It is my opinion and the opinion of the majority of people in the telecommunications sector, those who write in the newspapers and otherwise that...

Aside.

Mr. D. J. H. THOMPSON: This is not a court of law. Could you tell me that I cannot say that other people have that opinion too? You forget which Chamber you are in. You are not in the High Court.

The principal telecommunications expert in Barbados who writes in the Business Authority chided the Minister for taking an uncreative and backward approach to telecommunications and said that he could at least have had the courage, as did other Ministers of Telecommunications in the Eastern Caribbean, to launch out on a new paradigm for telecommunications. At the end of the day, the Green Paper smacked of exactly what Cable and Wireless wanted. They got what they wanted whether in relation to cost base pricing; whether in relation to the foul-ups in terms of the deadlines for liberalisation of the sector; or whether it is in the fact that the Green Paper debate never was concluded. On this Side, we raised serious concerns and by the time we had finished the debate, one or two other persons spoke and the debate was shut down. All of a sudden, we were told that the Government had telecommunications legislation that they needed to rush through Parliament.

Worst than that, Sir, is the fact that the Government signed an agreement with Cable and Wireless while the Green Paper still has not been debated. Basically, they were thumbing their noses at this Parliament. All of those Members on the Backbench who wanted to make a contribution to the development of telecommunications policy in Barbados, bright men with creative minds, were shut out of the debate, dismissed and slapped down by one of the most junior Ministers in the Government so that anything that they might have wanted to say on what they wanted to see in the telecommunications legislation was basically obviated by the fact that the Minister did not intend to complete that debate. He was already drawing up the contract to be signed by Cable and Wireless.

Everybody in this House except him and the person who signed it would have been taken by surprise to see the principals on the front page of the newspapers signing the agreement and thereafter we were told that telecommunications legislation needed to be brought. At no point has the Minister said whether his policy remains the

same. The Fair Trading Commission is already mired in controversy. The deadlines that the Minister said at the outset of the Green Paper debate have been missed and, basically, as I said, Mr. Speaker, one can see that there was a conspiracy of events so carefully timed as to position the principal carrier in Barbados in a very favourable light relative to telecommunications policy. The telecommunications sector is supposed to be liberalised. Can you imagine a Minister of a Government in the year 2001 speaking in a debate like this and missing the opportunity to tell the country the extent to which he thinks that local players in Barbados are going to be facilitated by the new legislation?

2.20 p.m.

One of the principal objectives of the East Caribbean was to facilitate regional players within the telecommunications sector. The Honourable Member has Cable & Wireless 'stuck in his craw' so much so that he is not even able to design policies that would empower a new generation of well-qualified entrepreneurs in telecommunications in Barbados or to provide any road map for them to outline how they can become involved. Anybody listening to this debate today would believe that the telecommunications sector, by and large, will remain out of the hands of Barbados.

The Honourable Member's answer to that would be that since the Democratic Labour Party sold the shares in Cable & Wireless it should hardly fall from my mouth to recommend that there should be more local involvement in the telecommunications sector. My own view is that it should be in new areas where liberalisation will be taking place and where smaller enterprises can develop and grow from scratch so that the average Barbadian can be more effectively involved in the telecommunications sector in Barbados.

The Government itself should be pushing its principal provider in Barbados to enter into more effective arrangements so that it can provide many of those services to other parts of the Eastern Caribbean and beyond because the expertise is there. Sir, none of that forms part of the debate in here because basically what we are doing is responding very effectively and quickly to the needs of the principal operator, Cable & Wireless, in Barbados.

The Minister danced around the subject but consumers in Barbados, particularly its residents, can expect that they will be paying more for telephone services in this country in the new year as a result of the policies the Government has introduced. Let us not doubt that is going to happen. That is my prediction.

Asides.

Mr. D. J. H. THOMPSON: It will happen that the vast majority of Barbadians are going to be paying more for telephone services, and other services too, as a result of Government's initiatives here today as outlined by the Minister.

Mr. Speaker, the Bill makes no reference whatsoever to our obligations under CARICOM, particularly the policy aspect of the Bill, to matters relating to the management and regulation of the telecommunications sector...

Asides.

Mr. D. J. H. THOMPSON: Nobody can interrupt you for a prediction. How can you interrupt somebody for a prediction, to tell them what? That you have a better prediction than they?

Asides.

Mr. D. J. H. THOMPSON: I am reiterating a prediction that I previously made. The Government said it is moving to cost-based pricing and to a more competitive environment in which providers of services should recover in the open market based on the cost of the services they provide. The provider has already said that it is subsidising domestic calls and it must make sense for any intelligent person to make a connection that would suggest that there is going to be an increase in the cost of those domestic services; and the Government has done everything to facilitate their arrangements. The Government did not move toward a full liberalisation that would essentially provide an opportunity for true competition in the context of the Barbados economy.

Hon. R. R. FARLEY: Mr. Speaker, on a point of order. The Honourable Member has gone off on a flight of fantasy. He is accusing the Government of taking deliberate and concerted actions to facilitate the actions of Cable & Wireless in increasing prices in Barbados and that is not a fact.

Parliament of Barbados has established the Fair Trading Commission as the entity which will review and make decisions on any matter relating to the price of telephone or other telecommunications services in Barbados. The Government would not only be out of order but would be in breach of the law to do what the Honourable Member for St. John is incorrectly asserting. The Honourable Member should, therefore, in light of the inaccuracy of his statement, withdraw and come again.

Mr. D. J. H. THOMPSON: Mr. Speaker, the Minister said his policy is to move towards cost-based pricing. The Green Paper also said that was the Minister's policy but that the final determination is left for the Fair Trading

Commission. I am predicting that, based on everything said in this debate by the service provider and everything said relative to the role of the Fair Trading Commission during the time that they are moving into the liberalisation process, it is likely that Barbadians will end up paying more for their telephone services in Barbados.

Mr. Speaker, I am saying that this matter rests at the foot of the Government in Barbados because the Minister makes policy under this legislation. Unless the Minister wishes to blame Cable & Wireless because he has been taking instructions from them, the Minister must get up and say as a matter of policy that the Government will ensure that telephone services in Barbados will not increase in relation to the average consumers. This is what I am challenging the Minister to get up and say. He should not try to correct me on all kinds of sophistry. As Minister he should get up and give a guarantee to his constituents who live in Charnocks, St. Patricks, Fairy Valley and wherever that they are not going to be paying more for telephone services in the new year.

I will be willing to sit down, stop debating and bring my speech to end if the Honourable Member for Christ Church East will assure his constituents and mine that, based on policies he introduced, Barbadians will pay nothing more for telephone services in Barbados either in the new year or beyond.

Sir, the Honourable Member cannot do that because at the end of the day....

Hon. R. R. FARLEY: Mr. Speaker, on a point of order. The Honourable Member has gone beyond the point of good sense because he knows that no Member in here or anywhere else for that matter can predict what will happen to the price of electricity, telephone service or any other regulated service under the Utilities Regulation Act of Barbados. Nobody is in a position to say what will happen when a matter is presented to them.

Mr. D. J. H. THOMPSON: Mr. Speaker, no Government, least of all this one that has \$400 million from the VAT, has borrowed so much money and is supposed to be performing so well economically, would sit idly by and permit anybody to introduce policies in this country that at the end of day would increase the cost of services to consumers. 2.30 p.m.

I assumed what the Minister is saying is that he cannot predict anything. We cannot predict that Southern Meats would collapse. The Government took \$2 million and put into Southern Meats. Nobody predicted or expected that we would have lost millions of dollars in Greenland and I can go through a long list of activities in which the Government intervened to ensure, particularly in relation to Southern

Meats and the GEMS project, that millions of dollars belonging to the taxpayers were made available to save enterprises.

Recently there was the introduction of a 60 per cent duty on certain items to protect businesses in this country, particularly in the industrial and agricultural sectors. Nobody predicted that but the Government was very quick to move to ensure that the producers in Barbados were saved. I want the Minister to get up and say that you are going to save the consumers of telephone services in Barbados from any rate increases and that you will ensure that every extra cent that is collected from the punitive VAT in Barbados is going to be used to protect consumers and it is then I will stop speaking.

Sir, the Minister cannot do that because that is not the Minister's policy. The policy is outlined in the Green Paper and the Bill that is before the House. The Government has designed a policy which is going to move towards pricing. I do not have to add any contribution to this debate.

I listened carefully to the Honourable Member for St. Michael North the last time that he spoke. I gave him 100 per cent marks for the approach that he took. The Minister does not have to work out any inconsistency with my position because he does not owe me any obligation. He owes his constituents. What the Minister must do the next time he gets up to speak is to work out how he is going to reconcile his Ministry's position with the position of the Minister responsible for the Fair Trading Commission who spoke in this particular debate very strongly on behalf of the consumers in Barbados, for which he should be lauded.

I am glad to see that there is, at least, one Minister on that Side who is willing to come out in the interest of consumers. They maybe more as the debate progresses but at least the Honourable Member for St. Michael North, on this occasion, was on the right side of the debate. The confusion is not between us and the Honourable Member of Christ Church East in relation to his misguided policies. He has to resolve the internal inconsistencies and he has to isolate the Fair Trading Commission from the kind of comments that were made in this Green Paper, which from the outset, in my view, tainted the role of the Fair Trading Commission by saying that it will be asked to cooperate with the Government. Sir, I know that the Minister responsible for the Fair Trading Commission could not feel highly about that particular comment. He, like many others, ignored it and rightly so.

Mr. Speaker, that is the stage that we are at with the specific Bill. The Minister said that he is adopting a transparent policy on telecommunications but, as I said, the policies that he introduced by means of the Green Paper were not approved by Parliament. Hopefully, the Bill will get

approval because he needs the Bill as he is running out of time. It will only get approval because he is running out of time.

Sir, in the debate he did not outline new policies, in any significant way. The Honourable Member for Christ Church East is not a technocrat. He has enough people in his Ministry, more than he needs. Some of them do not do anything other than file applications, tick off the application and that sort of thing. The Minister is a policymaker. What are the new policies beyond liberalisation that will protect Barbadian interests in the telecommunications sector? Many of those questions were asked in the last debate. What is the relationship between the telecommunications legislation and the broadcasting sector? Perhaps, I will have to wait on the Minister of Home Affairs because I know that in the last debate when I raised this issue she was not then Minister of Home Affairs. I know that it sparked her interest. What is the connection between the powers under this legislation in relation to broadcasting and the role of the broadcasting authority in Barbados in granting licences, and if everything will be brought under a central telecommunications entity to manage not only regulation but also a policy that relates to the use of information as a whole in our society?

Mr. Speaker, despite all the comments about transparency, this legislation has been so tightly drafted to ensure that almost everything that is submitted to the Minister remains confidential. Sir, under Clause 7:

“The Minister shall take all reasonable steps to ensure that the information submitted to him and every person concerned with the legislation of this Act in respect of licences and applicants for licences granted under this Act is treated confidentially, except insofar as disclosure is necessary to the administration of this Act.”

Sir, my view is, if you are opening up the process to a bidding system, how can you have a clause like this? This is a clause tailor-made for the 18th century like all of our old legislation, where a Minister has all the powers and the widest discretion. If anybody wants to know anything, they have to go via the Administrative Justice Act to get an answer. The Minister said that he is going to rely on the provisions of the Administrative Justice Act for people to get answers to their decisions.

Sir, let me tell you what will take place in relation to the telecommunications sector in Barbados, as happened throughout the public sector in our country. Somebody will be refused a licence, the person will write to the Minister under the Act and ask for reasons for denial. The Minister will send the letter to the Attorney General and ask the Attorney General or someone in the Minister's office to draft reasons to send to the person who made the request and that will take a few months. Once the reasons are sent, they would be so drafted as to obfuscate the principal concern that the

Minister has, which is typical in the Westminster system of government. The person will never know why their application did not meet the requirements of the Minister and the Government and may very well feel that the Minister acted capriciously. Unless that person has money to retain an attorney-at-law to take the matter before the High Court, all the talk about transparency at the end of the day means nothing.

Sir, for a Minister in the year 2001 to say that a modern piece of legislation rests on the provisions of the Administrative Justice Act and at the same time argue that he is in favour of transparency; my view is that the two positions are completely at odds. The Administrative Justice Act in Barbados has done very little to open up Government to scrutiny. Parliamentary questions are not answered. Statements by Ministers relative to policies are made more outside of Parliament than in Parliament.

In fact, it is possible that you can have an entire policy statement made outside of Parliament supporting legislation brought to Parliament and the policy never put before this Parliament. Sir, at the end of the day...

Asides.

Mr. D. J. H. THOMPSON: What is the purpose of a section that conceals all the information that is supposed to be necessary in a transparent bidding process? The two positions are completely inconsistent. Sir, from the time I heard the talk about transparency, which was so different in the 1990s and from some other time in Barbados' history, I looked to this legislation to see what the new provisions were; to see what was imported into this legislation that would be a breath of fresh air in relation to administrative action in Barbados. But nothing can be seen on the face of the legislation relative to that matter.
2.40 p.m.

Sir, at Clause No. 9:

“Where the Minister or the Commission is satisfied on the basis of evidence presented to the Minister or the Commission as the case may be, that the market is sufficiently competitive to ensure that the interests of consumers are protected, the Minister or the Commission shall refrain from exercising their respective functions in respect of the rate setting mechanism referred to under Part VIII by giving notice to that effect.”

Sir, the question of the Minister or the Commission not acting or refraining from acting requires the Minister or the Commission to give notice of their decision not to act if they refrain from exercising their respective functions of rate setting.

Sir, to whom is this notice to be given? Is it to be given to the person who applies for an adjustment in his rates or to the public as a whole? This is a very important question, because if this is going to be a closed shop where someone applies under the provisions of the legislation and the Minister or the Commission declines to take any action because they believe that the market is sufficiently competitive, the public should have a right to know. To my mind, it is not just a question of prices going up which is part of the problem that we have, that in a more competitive environment, it is not true to say that some prices should come down. Why is the Minister only focussing on prices going up and refraining from taking action where there is a likelihood that prices would go up in such a case? – All glory to the Minister – but where prices on the basis of the evidence presented and where the Fair Trading Commission may not be able to act on its own volition in that regard, where the prices should be changed downward, then the Minister needs to have public recourse if he fails to allow the matter to be fully ventilated. I, therefore, would believe that at the end of the day, any notice that is given must be a public notice which is given for everybody's scrutiny.

The other concern I have about transparency, Sir, is that this legislation should be accompanied by a draft of the regulations. There is a big debate going on in the Jamaican Parliament where Senators are extremely annoyed that big pieces of legislations come to Parliament vesting significant powers in the Minister to make regulations but the regulations do not come to Parliament at the same time and, in some cases, the regulations have had the effect of rendering the speeches that they deliver on the second reading to be irrelevant by the way in which the regulations operate. Sir, where there is a significant piece of legislation like this which has its own regulation previously, I believe it would be desirable for the Minister to introduce the regulation at the same time. That, Sir, is not unheard of.

In relation to the Companies Act, we have had the regulations laid at the same time and also the Memorandum relative to the regulation laid at the same time. Sir, the way in which regulations are made in Barbados, it is highly unlikely that anybody is going to move a resolution to question anything in the regulation. Therefore, the Minister should take the opportunity at the time of the second reading of the principle Act to deal with the regulations that are going to be enforced, particularly where the Minister is saying 'I need to rush this through Parliament because I am meeting a time deadline...' and a time deadline, I assume that can only be effectively dealt with if he has regulation guidelines in place as well. Therefore, why do we not have the regulations before us, since they would tell us what the obligations of the licensees are likely to be, the fees that are going to be charged relative to this particular licensee, the legal requirement necessary for the holding of the license, the technical qualifications that might be relevant relative to the licensee and the financial requirement relative to the company. The way in which those provisions are going to be

applied in this piece of legislation is going to be extremely important and I believe that the Minister should have taken the opportunity of bringing the regulation at the same time. I believe strongly that the Minister should also give reasons for his refusal of a license and the refusal should be communicated. Where a license has been granted it should be gazetted so that the public can see that a license has been granted in a particular area and brought to the public's attention. Sir, this is only fair in the context of accountability but there is no such provision in this Act; either for reasons to be given for the refusal or for the license granted to be gazetted. Then, I also very strongly believe that the Minister should have a time limit in which he deals with applications that come before him because if one is saying that the provider of the interconnectivity has to have a time limit of 30 days to respond to a service provider, there is no reason why the Minister himself should not be bound by a time limit in responding to an applicant before him. As I said, the license should be published and these are areas in which the legislation is defective.

Mr. Speaker, there are two other areas where I have concerns. These are (1) the relationship of this legislation to broadcasting, and (2) the review of decisions by the Minister. As I said, reasons should be provided, not in accordance of the provision of the Administrative Justice Act but under a new, more transparent and effective procedure. Those are the principle concerns that I have raised in this Debate which I hope the Honourable Member may take on board in his effort to liberalise the telecommunications sector. He needs to consider the interest of the consumer in Barbados. He needs to detach himself from the desires of the principal provider and launch forth into a new paradigm relative to the telecommunications sector in Barbados, so that we can get on with liberalisation or with what one may call a Barbadian flavour. We too can look to our involvement within the Caricom sector as providing new opportunities for Barbadians in telecommunications. I thank you, Sir.

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

Mr. D. St. E. KELLMAN: Mr. Speaker, I must apologize for speaking at this time but I have a prior commitment in my constituency which I must attend. I have to go to a funeral.

I want to say from the outset, Sir, that even though I did not speak on the Green Paper of Telecommunications Sector Policy re: this Telecommunications Bill, I have made my feelings known while in New York and also on the call-in programmes of Barbados. I want it to be known that wherever I go and wherever I enter discussions throughout the world, there is one common denominator – Cable and Wireless is seen as the enemy. I was in Australia, where the Honourable Member for St. Michael North was, and he

would tell you that the biggest discussion between the Small Nation States had to do with Cable and Wireless. Everybody in the world sees Cable and Wireless as an organisation that is selfish; they think only of themselves and nobody else. Everything they do is self-centred and they block the interest of all other service providers. What is fascinating, Sir, is that Cable and Wireless is now saying that they are freeing up the market and have given up the monopoly. The truth is, Mr. Speaker, that is the biggest lie that has been told for the century. What Cable and Wireless is doing is increasing its capacity to be the biggest monopoly in the world. What they are doing is telling Barbadians that if anybody wants to come and provide another service, that person must come through them. In other words, Cable and Wireless is the main contractor and everybody else must be subcontractors. I am saying, and I have told this to the highest officials of Cable and Wireless, that they must understand that Barbados relies on telecommunications as if it were a raw material. That point must be made; that telecommunications in an age like today is like raw material to our manufacturers. It cannot be seen as a simple organisation that provides a service where people take up a phone to make a call anymore, simply to gossip. When one looks at the importance of telecommunications to the economy of Barbados, one must understand what we are entering into today when we come and pass a Bill like this. We must control Cable and Wireless and we cannot afford to allow them to control us. Sir, if we do that, we will be allowing them to dictate our efficiency.

2.50 p.m.

We must have considered the opportunity cost of our discussion, when we gave Cable and Wireless the opportunity to institute the type of pricing system in this country, whether it would cause efficiency on our tourism plant, financial services or reduce the costs in our manufacturing plants. The truth is that energy and telecommunications are the two vital inputs in our productive sectors today.

It must be seen and this is why we cannot afford to lie down and play dead and allow Cable and Wireless to come through here, like a sweet talking big shot, and dictating to us how they want us to proceed and how they must make profit. It will shock you, Sir, that Cable and Wireless on average, has made \$70 million from Barbados in one year.

At the same time that they have made \$70 million in this country, they have laid off people. Sir, after entering an Income and Prices Protocol with the Government and the Trade Union Movement in this country, they made \$70 million and then laid off people. I am saying to the Government and the Members of Parliament that Cable and Wireless is a company that has no conscience. I will talk strongly about this because that is the only way I know how to talk. Sir, we must go back to the drawing board and tell them that the interest of Barbados must be served.

I am also saying, Sir, that on my own behalf, I am

telling Cable and Wireless if they want to change the pricing system, they must first give every single soul in St. Lucy who has applied for a telephone, the right to have a telephone, before they could tell me about increasing prices. I will also say to Cable and Wireless that you have to reach your true capacity first, Sir, before you know your true call.

I am saying it is also very inefficient, and I will get support from my friend there on that particular point because he understands well what I speak of in these particular matters. The only regret with my friend, he will not introduce the opportunity cost to things like these and the day he does it, Sir, we will get a wonderful and lively debate. Then, he will be able to tell the Honourable Member for Christ Church East the importance of opportunity cost in matters like these and that I am not misusing the concept. Sir, in this competitive world today, the opportunity cost is very important but the Honourable Member wants to mislead himself and I cannot stop him.

Sir, I want to know how come they are making \$70 million a year and they have delayed the expansion process they had for St. Lucy. I want to know because before you could come and tell my constituents you want to change the pricing system, you first have to prove to them that they are sharing in the goodies of the company and I also want to warn Cable and Wireless about another thing.

Sir, I want to know from Cable and Wireless how come when you apply for domestic service, they could put down poles, they could put down lines, they could put down hardware in your house and they could charge you a certain fee, but when you apply for a cellular phone of which the inputs are not as great, you have to pay that ridiculous price and you also have to pay for the hardware.

Sir, I want to know why and the truth is that the Minister on the Frontbench and the one on the Backbench need to tell Cable and Wireless if they are serious...

Aside.

Mr. D. St. E. KELLMAN: I am saying, Sir, that Cable and Wireless has to convince Barbadians how come they cannot reduce the cost of cellular phones, and it is in their interest to make sure that every Barbadian who has a cellular phone uses it. I will explain further.

Sir, why should you be driving in your car, you receive an important call and you have to tell the caller to wait until you get home and call you so that you can take this important message, just because you want to reduce the cost of using the cell phone.

I am saying, Sir, that there is a monthly charge and they should be putting a system in place to encourage you to use your cellular phone and ignore the phone you have in your house. Instead of doing that, they are now saying to you, do not use the cell phone, even though they encouraged you to buy it but wait until you get home to make the call. This is foolishness. Sir, I am saying that somebody must tell them that and, if we have to dictate the policy from this Side, I am quite prepared to do it for the Government.

The Government has to understand that now that we are talking about the community tourism and using the Internet as a process of marketing Barbados, telecommunications cannot be taken lightly. It is not a phone used for the call-in programmes that you might want to get rid of, it is that connection that is used with the outer world to promote the interest of Barbados and develop its tourist industry.

I am waiting, Sir, for the Minister of Tourism to speak on this particular issue because I would expect the Minister of Tourism to get up in this assembly and tell the Honourable Member for Christ Church East that the cost of telecommunications must be kept at its lowest ebb because any increase in the price of telecommunications is going to have an effect on the tourism costs in Barbados.

What we need now, Sir, is a reduced cost to make us more competitive and not to have a cost that will increase. Do not believe, Sir, that if you only reduce the cost to tourism, Sir, you are not going to have an effect otherwise because if the workers' telephone bills go up, the Barbados Workers' Union, even though we have been easy on you all, we would now have to vote for higher wages for the workers to pay the telephone bills and there are more workers than owners.

Asides.

Mr. D. St. E. KELLMAN: Sir, I will always identify with the cause of the unions because I see their fight as my fight and my fight should be their fight. It is clear.

I am saying, Sir, that cost based prices and all of that, we have to understand that at the end of the day what we have to do is to fight for that price that will reduce the cost of doing business in Barbados.

It is okay to say, Sir, 'Not me. The Fair Trading Commission.' I am of the opinion that some of these matters should not be now reaching the Fair Trading Commission. I do not think it is fair for one Minister who has signed an agreement with Cable and Wireless to then say, 'This is not for me. Let me push it in the hands of somebody else so that somebody else could take the blame'.

I am telling the Honourable Member for St. Michael North to understand what has occurred here. This battle is not for him and he needs to pass it back where it belongs. The Honourable Member for St. Michael North did not sign the contract with Cable and Wireless and this is a very serious point.

When the public starts to drop the lashes in the Honourable Member for St. Michael North, he needs to defend himself because what is important is not what comes out of the Fair Trading Commission. It is what was in that contract initially and that is what is important.

The type of system I would have liked to see, Sir, is one where you have two players, one setting up the equipment as Cable and Wireless has theirs and then another player coming and setting up its own equipment. The truth is the cost at Cable and Wireless right now is overstated and it does not matter what they sell to the other player, you cannot get the true reduction that you would like. When the sub contractor comes and purchases services from Cable and Wireless, the price is already overstated and the cost can be reduced. Whereas, if the system were more open where another service provider could set up his own plant and use the economies of scale, we would have been able to reduce the cost to consumers.

You cannot get true competition, Mr. Speaker, if the other service provider must buy the service from Cable and Wireless. Cable and Wireless has set up their cost in such a way to keep out other people and to make sure that even when other people come and want to join the bandwagon that the cost will be so high that they will still be in control. So I am saying that Cable and Wireless has not given up the monopoly and to say so would be foolish. It is like one importer to the country who is now disallowing other people from distributing that service for them, Sir, and that is the role that Cable and Wireless is playing in Barbados and in other places.

3.00 p.m.

As I said in the beginning, Barbados is the only country that is welcoming Cable and Wireless. All of the other countries understand the effects of having a company like Cable and Wireless because they realise that Cable and Wireless is a by-product of the G8 countries and that they are here to oppress the smaller nations and make them beggars. So I am saying that the smaller nations do not have to allow themselves to be committed to this type of arrangement. I am also saying that this House of Assembly needs to look at this and look at the opportunity cost of our doings and the impact that they will have on our people and make sure that it does not continue like this. We also have to understand that when Cable and Wireless decided to bring all of their services under one building there has to be some

type of savings there. They have reduced the number of people employed by them. They have reduced the real estate they own. They are now bringing the equipment under one roof and they are utilising and having efficiency of the equipment. I am saying, furthermore, that while they are looking to increase the cost of their services to the consumers, there is a good case for a reduction in the cost to the consumers, but what is interesting...

Asides.

Mr. D. St. E. KELLMAN: That is what Government is thinking but the guru from Cable and Wireless is letting us know that the tourists and those people who make overseas calls have been subsidizing the service of the local consumers for many years and that the local consumers now have to pay their fair share. I want to know who is this guru that can come to Barbados and dictate which side we want the balance to go. I am saying for years we have protected the consumers in Barbados and the foreign consumers were prepared to pay their share and we should not allow any outside influence to change that particular policy. But it is clear to me that the outside influence is now in charge and is dictating to us and to those inside who have been given the mandate to run the country. So I hope that the two Ministers would have listened to everything I have said here and would have taken notes as usual and would not behave like the photocopier who would criticize me today and implement what I said in a week's time.

Asides.

Mr. D. St. E. KELLMAN: The Honourable Member for St. Michael South.

I hope that they will consider these points that I have given to them and take them back to Cable and Wireless and admit that they have made an error in signing the agreement so quickly without first having discussion in Parliament, which is a strange thing. I honestly believe that, before that agreement was signed, this Bill should have been brought to this House and this House and all 28 Honourable Members should have been treated with some sort of respect where they could have given their opinions on this particular matter so that the Minister would have been empowered to go to Cable and Wireless and sign a proper agreement. As it stands now, because the Minister was not enlightened by the knowledge from the House, we might have an agreement that is not in the best interest of Barbados.

Asides.

Mr. D. St. E. KELLMAN: I am only prepared to pass judgement when I see the facts, so, I am prepared to say 'might have' right now. I am not going to make outlandish statements pertaining to matters like these.

I am saying that the Minister should consider his ways in any future dealings and be wise and take the advice as is given from this Side because once the advice is taken from this Side he cannot go wrong. He should, as a matter of policy, follow the photocopier on the Other Side because the reason why community tourism is doing so well in Barbados is due to the photocopier from the Other Side taking his judgement from this Side and now being able to appreciate things like community tourism, taximen and vendors.

I thank you, Sir.

Hon. N. A. LYNCH: Mr. Speaker, Sir, once again the opportunity has been presented to me to speak on an issue and in a debate that I think is fundamental to the advancement of Barbados in building a new service economy for Barbados that we so often speak about. Once again, the Honourable Member for St. Lucy has displayed a high level of misunderstanding or ignorance of the issue particularly as it relates to this debate...

Asides.

Hon. N. A. LYNCH: ...and in relation to what it means to Barbadians and what it will mean for Barbadians in the future.

I believe that the Minister has set the stage and has spoken very well in relation to the technical issues in the debate. I heard the Honourable Member for St. John speak about some of the legal aspects of the Bill. However, there are some critical social and economic aspects of this Bill which need to be put to the public of Barbados. This is one of the benefits that will redound to all Barbadians, being able to create for Barbados a more liberalised environment in which telecommunications is set. That will have direct business benefits, monetary benefits as well as social benefits and it will have personal benefits for all Barbadians.

The basis for the growth and expansion of a modern Barbados in the future will be centred around those reforms particularly in the telecommunications sector. It speaks to about five ideals, affordability, adaptability, productivity, competitiveness and the creation of more opportunities for Barbadians. That is what the debate is about.

Sir, I have heard some people speaking about the issue of affordability and whether or not the Honourable Member for Christ Church East is the person who will determine whether we will have metered service or some other type of service in terms of telephones. Sir, this is more than that. This is about building the new Barbadian 21st century economy, another piece of the puzzle to complete this new Barbados that we are speaking about.

We have our global obligations in an age of liberalisation but these reforms are made to fit into the wider reforms of the Barbados economy in terms of our productive sectors such as tourism, international business, manufacturing and the like.

At the core of this debate is how to make a small internally oriented economy better and more adaptable to participate in the new global economy. Market forces shaped many economies of the world, particularly small economies. For example, the New York Stock Exchange which is the best and most famous market in the world is one that is most regulated but we do not have the market size here to be able to create that force.

3.10 p.m.

What we need to do, Sir, is to create a virtual market through some level of regulation to be able to create market fairness. This reform of the telecommunications sector is just one of the second generation reforms that fit into making Barbados more competitive. There were a number of levels of reforms that appeared in that first generation but this second wave of reforms speaks to the issue of building more productive capacity for Barbados. This speaks to the area of being able to create an infrastructure that supports that technology and supports technology transfer and management.

Sir, in Barbados, we need to create much more competition here at home and part of this capacity building has been set out in legislation like e-commerce legislation, the creation of the Fair Trading Commission, and the labour reforms that are about to be put in place in Barbados. Many of these speak to those issues but the reform of the telecommunications sector is at the centre of making Barbados more competitive globally.

Sir, in all of the sectors in Barbados telecommunications is at the core of making them much more competitive and much more cost effective in what they are doing. Improving competitiveness is important to Barbados and to all Barbadians but it must be led by being able to increase the level of productivity that we have in Barbados. If we, or any other country, are to survive, productivity must grow.

Sir, managing information technology is at the core of building this new competitiveness through productivity. The cost of information technology is also fundamental to this issue because we have always argued that one of the issues that we have to deal with, and one of the challenges, is the issue of information technology and its transfer and management being more expensive and not as affordable in a small society as it is in a more developed society. Communications must become more affordable if we are to become more productive and therefore more competitive.

The entire world is seeking at this time to reform their communications and telecommunications sectors and Barbados is absolutely no different. I would say that we have taken a little bit of time in getting there because this is an issue that has been on the front burner, or should have been on the front burner, for a long time. I am not one who is here to speak to the issues of Cable and Wireless because Cable and Wireless has some level of investment in Barbados and has done a lot and we as a Government were not willing just to strand that investment.

The issue of whether or not Cable and Wireless should be accommodated or whether or not Cable and Wireless should be happy is an issue that I do not think is fundamental or at the core of the debate. The issues are that they already had in Barbados a high level of investment and we were not willing as a government to strand that investment.

Many of our neighbours moved ahead of us in being able to create that more liberalised environment and it is true and I take the issues of the Honourable Member for St. John when he speaks about this harmonised telecommunications sector in the region and about the legislation speaking to the issue of being able to create in Barbados and the Caribbean that more liberalised environment of which we should be a part. Sir, when you take into account that in Barbados, in 1991, the former administration locked us as a country into an agreement with Cable and Wireless that was to last 20 years, it shows the lack of understanding, in my opinion, and the lack of vision of the previous administration in terms of where we should have been going in Barbados.

As a matter of fact, Sir, in 1991 it was clear to anyone who had knowledge of the sector and who understood the opportunities that telecommunications presented for a modern Barbados that to have locked us in again – and I understand that at the time that same administration was in a very precarious economic situation, lack of vision again – to have done what they did at the time was more dangerous to Barbados' future, maybe, than any other single act contemplated or carried out during that time. To be able to lock Barbados into an agreement for 20 years at that time, in an age when people were starting to liberalise their telecommunications environment, is, in my opinion, Sir, not to understand the issues of Barbados. I believe that particular act may have been even more disruptive and destructive than some of the other acts that were committed during that period of time, things like the eight per cent pay cut and selling off the family silver.

At the time, Sir, the issues of locking Barbados and Barbadians into that agreement limited our ability to be more competitive globally. What it did was to stunt all of the productive sectors in terms of their being able to move into this new age of competitiveness and productivity. What it

would have done was to stunt and slow down the opportunities for many Barbadians alive today and Barbadians unborn. What it did was to lock them into something that they never understood and they could not clearly contemplate in terms of moving Barbados forward.

It limited our ability to set up a platform for advancement and growth in the one area where we needed to grow and to flourish, in the one area where we needed to liberalise and in the one area that we needed to make open to Barbadians so that they themselves could prosper.

Today's Bill, Sir, is the undoing of that action. Today's Bill starts with being able to create for Barbados a platform from which Barbados can grow. This is why I do not understand the Honourable Member for St. Lucy very clearly in terms of the basis on which he argued in this debate or how he debated. The issues are there.

This Bill is intent on creating that virtual market. What it is intent on doing is creating that liberalised environment in which we can then create a better area of competitiveness, in which we can build that virtual market for other players to come in and compete in the telecommunications sector. I do not think it falls to the Minister of Economic Development, the Honourable Member for Christ Church East, to be able to set out in here or to assure Barbadians that there are going to be reductions in prices because I do not think, in terms of telecommunications, that that is his role. I do not think that the Bill is intended so to do.

I think that what is important here, Sir, is that we understand the issues related to liberalising the environment to be able to tie this into the continuum of reforms that we are setting in place for the Barbadian economy, to be able to create that platform where this industry becomes more competitive, and be able to create a platform for telecommunications to be more affordable to Barbadians.

At the end of the day, Sir, it is not his role to say that it is going to be more affordable or to say that prices will be reduced. That is left to the work of the Fair Trading Commission and I think it is about time that we started conceiving in our minds a de-linking of this Fair Trading Commission from the politics of the day. I think that is important.

Sir, a liberalised telecommunications environment allows not only the means by which we deliver information but the means in which it should become more affordable for Barbadians. It should also help us to make many of the issues related to information technology much more affordable, issues related to hardware for example. Computers and communications equipment should become more affordable, particularly so when we speak of issues related to internet availability allowing it to be used more widely, Sir,

throughout the economy.

There are many businesses and many enterprises in all parts of the economy that need to be more technologically competent and more technologically driven in what they do every day. Information Technology (IT) has several characteristics. It can do for all sectors at the turn of this century what things like electricity and steam did for manufacturing at the turn of the other century. There are some skeptics that even believe that it may be as powerful or even more powerful than even they were to those sectors at the time. The difference is that while some of those technologies increased the area of manufacturing, IT can be adapted to any sector and particularly to the service sector. This economy is going to be a service sector driven economy because it can boost productivity mostly in the service sector, which is the plank on which the new Barbadian economy is being constructed.

In Barbados, in this case, it is even more relevant because we are a service-based economy. Secondly, by improving the access to information technology, prices and products, it helps markets to be better and more efficient by ensuring more efficient allocation of resources in terms of information technology, but more importantly by reducing information cost, which is the major objective of this act of liberalisation.

It helps to globalise markets for products and capital as well and that, in turn, spurs more competitiveness and the speed of diffusion of technology through foreign trade. These are the issues at the core of being able to create for Barbados this new liberalised environment but information technology alone will not do it.
3.20 p.m.

Having information technology available, having it more affordable is not the only issue. We must create a whole new entrepreneurial culture and a new culture of innovation in Barbados.

Sir, in addition to the Small Business Development Act we have been able to have many reforms put in place, particularly those relating to small business and business development. We have been able to create agencies like Fund Access and Enterprise Growth Fund that allow people to use their creativity and become more innovative. We have also created the opportunity for Barbadians to invest in areas where opportunities did not exist before.

Sir, the biggest gain from technology is not for those who invent or produce it but for those who use it. If we are able to open up this market and allow Barbadians to have access to technology in areas where they did not have it before for business and personal use, we would have succeeded in terms of the reform and this Bill.

Sir, there are a number of specific areas that would be affected through this reform. The Honourable Member for St. Lucy spoke about tourism but we have always said that Barbadian entrepreneurs, hoteliers and players in tourism have been prohibited from moving forward at a faster pace because the whole issue of telecommunications, not only in terms of access to more affordable telecommunications and information technology for their own marketing and management but also in terms of tourists coming into Barbados. Sir, many tourists have complained about the high cost of information technology and transfer to and from their place of origin. This is not only true for leisure travellers but for business travellers.

Sir, a number of persons spoke about the surcharges imposed by hotels in terms of telecommunications but many of the hoteliers have complained that the cost of the equipment available to them is very exorbitant. I have examples of hotels which pay from \$5 000 to \$25 000 monthly for equipment from Cable & Wireless to be able to make domestic and overseas calls and even with 40 or 50 percent surcharge on the amount charged to guests, the majority of people in the sector are still losing money.

Sir, it means that in this liberalisation we may easily see the cost of this equipment much reduced to hoteliers and they can then reduce the cost of domestic and overseas calls.

Sir, in this framework for liberalisation we expect the cost to these business places, particularly in this important tourism sector, to be greatly reduced. It will not only be reduced to hoteliers and accommodation providers but it should ultimately be reduced to the consumer.

Sir, these reforms will not only provide benefits directly to the consumers but, in terms of spectrum and space, they will redound to the benefit of the Barbadian Government and ultimately to people in being able to pay for that space.

There are many benefits that will accrue directly to Government and to the people of Barbados coming out of these reforms that are not directly related to some of the issues that we spoke about earlier.

Sir, it is my understanding that this Telecommunications Bill and this legislative framework set out to achieve a number of objectives for Barbados and fundamental to those objectives is being able to create for Barbados a new liberalised environment that creates that new economy for Barbados. This is what this debate is all about, Sir.

I want to commend the Minister and all those who worked to create this new framework for a new liberalised environment for the telecommunications sector in Barbados.

Sir, I commend the Bill to this House.

Hon. R. N. GREENIDGE: Mr. Speaker, I want to say a few words on this Bill. Basically, during my presentation I will look at the Bill through the eyes of the consumers.

Mr. Speaker, telecommunications as seen through the eyes of the consumer is a one-way street and nothing more than that. Sir, as a consumer I want the best possible service for the best possible price and if this Bill is going to help me to achieve that, I am all for the Bill.

Mr. Speaker, as a consumer I have no loyalty to Cable and Wireless or Bartel. I have loyalty only to my pocket so I will be a very selective consumer. This is the position that the consumer in Barbados will obviously take so if the Bill is going to help me as a consumer, I will be all for it.
3.30 p.m.

Mr. Speaker, consumers are bombarded every day with new things and they are called upon to make different choices. They determine how they will spend their money.

Those who are responsible for product quality in telecommunications must also adhere to the catch phrase on a very popular show called "The Price is Right." There has to be a marriage between quality and price because the Barbadian consumer is no longer concerned simply with the quality alone. Sir, Government must always bear in mind that the Barbadian consumer pays his hard earned cash to obtain utility services. Therefore, any legislation which we bring to this House must have as its paramount concerns the enhancement of the right of the consumer to obtain the best which the market can offer. This Bill must not be seen in the context of regulating delivery services only. It must ensure that the consumer is not deprived of that particular right.

I believe that if you had to take a poll and ask Barbadians about the service they had received over the years, Barbadians would readily admit that over the years the quality was undoubtedly there. We got good service but, sad to say, the best price was not always there. I believe that is the position that the Barbados consumer would have taken.

We have to admit, Mr. Speaker, that not only the domestic cost but the cost of the telecommunications ingredient is often responsible for the high cost of doing business in Barbados. I will not go as far as the Honourable Member for St. Lucy has gone to call Cable and Wireless selfish and without a conscience. Out of the consumer's pocket the perception was, and perhaps it still is, that Cable and Wireless has made so much money that they were literally sitting on millions of dollars. Bartel has also made millions of dollars without becoming efficient enough to cut the cost of service to the consumer. Therefore, the consumer felt, Mr. Speaker, that the cost was never brought in line with the service provided.

Sir, we as a country have been called upon to liberalise the telecommunications market. This legislation as explained to us today by the Honourable Member for Christ Church East is about enabling new investors to get a part of that telecommunications pie. There is enough room in the sector for competition. Other people besides Bartel and Cable and Wireless must also live. We must open the market because we do not believe that any one company should be allowed to hold their market captive.

Sir, let market forces determine which choice the consumer will make. That is a scenario painted to us by the Honourable Member for Christ Church East. Underlying this approach is the desire and result which I have been speaking about, good affordable service to the consumer.

Mr. Speaker, these would-be competitors will no doubt offer as cheap, or sometimes cheaper, rates than we now obtain. Sir, they do not have a massive overhead like Bartel. We can safely say that judging from where we came and where we are going, that there can be no turning back at this stage.

If you would, look at the internet and how it has revolutionised things and has opened a completely new way of life. Bartel and Cable and Wireless must not gripe or groan because, I believe, they have to position themselves to deal with the competition. This is competition which will obviously cut deep into their revenue and monopoly.

I also want to make one other point. Do not tell the consumer about the exigencies of your business because the consumer is concerned about the exigencies of his pocket. A consumer does not care about how many people are involved in making a pair of pants in the store or how many pieces of cloth had to be bought to make the pants. The consumer is concerned about whether the pants are expensive or not. Bartel and Cable and Wireless restructuring, and the reduction of staff are of no comfort to the consumer unless it will bring him the best price in the market.

Sir, I remember as a boy we used to play cricket and there was a youngster in the district who owned the bat and ball. Mr. Speaker, I believe that you had a similar experience in the district in which you were brought up. Whenever this chap got out, his position was to take the bat and ball and leave. Sir, about half an hour later he would return and say to the other fellows to restart the game but I am batting first. It would seem that when you have the bat and ball, you can go home if you want to.

I do believe that, if the situation is left unaddressed and unregulated, a company like Cable and Wireless would have taken a similar position. How can you be using my infrastructure and compete with me? That could very well be their position. Just as the bat and the ball belonged to the

chap, Cable and Wireless could say, 'How can you be using my infrastructure and still compete with me?'

I have to say that the regulations and the Fair Trading Commission are there to ensure that Cable and Wireless does not frustrate the entry into the market of new competitors or new service providers. The maxim is that there should be no unfair competition practices. This morning one would have heard the Honourable Member for Christ Church East at length pointing out to us that Cable and Wireless has 30 days in which to respond to applications for interconnectivity services. Therefore, they should not be allowed to literally sit and frustrate the efforts of new service providers entering the market. In fact, what the Minister for Christ Church East has actually said is that they will not be allowed to fleece, gouge or poke out the eyes of anybody. Sir, I believe that that approach is a significant triumph for the consumer.

3.40 p.m.

Sir, as I said I just wanted five minutes and I think those five minutes would have been just about up. I wanted to join with the Honourable Member for St. Michael South in commending the Honourable Member for Christ Church East on his presentation. I am sure that after listening to him, both you and I can now envisage a telecommunications sector that will make the telecommunications environment far more acceptable and affordable to the consumer and generally to make Barbados a lot more competitive. I am obliged to you, Mr. Speaker.

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

Hon. Miss M. A. MOTTLEY: Mr. Speaker, Sir, I am speaking on a Debate which I have every confidence will help to further the aims of this Government in respect to its efforts to restructure this economy. Sir, it is significant that over the course of the last few years this Government has systematically brought major pieces of legislations to help define the new economy as we understand it, recognizing that the process of economic diversification, which one might argue would have started from the time of the first century of modern settlement in the 17th century, but certainly in a more expeditious fashion during the course of the last 40 years, is one which we recognise to be inextricably linked with Barbados' path to sustainable development.

Sir, why do I say that? We live in a world where all of the ground rules as we know them for the majority of the Independence period have changed and in circumstances where we are unlikely to receive the level of subsidized assistance, quotas, or guaranteed markets as in the past. We have already been alerted to the prospects for our sugar

industry come the year 2008 and we are in a situation where the industry that was responsible for the building of the majority of this country's infrastructure prior to Independence will, very shortly, no longer be able to carry out that responsibility. Equally, as a Government, we have committed ourselves to the establishment of the service sector as the major plank of this economy. That service sector rests both primarily on tourism and on the international services sector, both of which have an inextricable link with the telecommunications sector, and both of which depend heavily on the telecommunications sector in respect of their capacity to be competitive.

Mr. Speaker, in this debate, the Minister of Tourism spoke and one would have heard him indicate the challenges that the tourism industry faces with respect to being competitive with telephone service charges for tourists coming to Barbados and seeking to make calls from their rooms and the inability to use their calling cards, which they are allowed to do in almost all other tourist and business destinations. The inability for them or ordinary Barbadians to use 1-800 numbers. All of these act as disincentives but when this is added to the extremely high surcharge that is being charged by the hotels then one can truly understand why it is that this issue remains one of the black marks on our tourism sector.

Mr. Speaker, it does not stop there. As a Government, we have a determination to create an economy in which Barbados can be both the domicile to international business as well as Barbadians are able to participate equally in global markets in circumstances where the architecture is provided by the technology available, such that time and geography become irrelevant to the pursuits that they would wish to undertake. Sir, what do I mean by that? The ability to trade in real time, the ability to participate in decision making and conferences across the world rest primarily on the extent to which there is an affordable and good-quality telecommunications sector. I, therefore, believe that we cannot be speaking about broadening the horizons and opportunities for young Barbadians without recognizing that they have, and must have, the tools to be able to participate in at least a regional economy in the context of a Single Market and Economy, but in the context of the Free Trade Area of the Americas and, indeed, what should not be beyond their sights, participation in a global economy on as level a playing field as possible.

Sir, articles have been written in journals, the Economist ... indeed, there was an article three or four years ago which tried to liken Barbados to the Silicon Valley of the Caribbean but indicated that the ability to become that was constrained primarily by high telecommunications cost and, indeed, a monopolistic structure which did not allow for ready investment in new areas of the telecommunications sector or, indeed, encourage those new areas to be pursued

by new entrepreneurs wishing to get into the industry. Sir, I have no doubt that not only will this provide the level playing field which I have just spoken about but I genuinely believe that the liberalisation of the telecommunications sector and the removal of the monopolistic structure will also, in fact, create the platform for a number of young Barbadians to be able to move into areas such as the cable modem business, internet and the delivery of cable in respect of being able to provide services for cellular communication services. Also for wireless fixed telephone services such that the technology which is available may allow them to provide telephone services from house to house without having to run the cables and lines that we now see across Barbados. I believe, Sir, that many Barbadians have shown that they have the technical expertise and competence. It is a question of ensuring that the facilitating environment is there and is provided, first of all, by the legislative framework and thereafter by the policy framework to be determined by the Minister.

Sir, the issue of telecommunications reform is one that almost every country, developing and developed, has had to face within the last decade, and it is because of these improvements in technology. Sir, I well recall – and no amount of denial by the Leader of the Opposition can change this – that in 1991, when I was in the Other Place speaking on the then new Telecommunications Bill and making the point over and over in my speech that it was fundamentally wrong that the Telecommunications Bill reserved to BARTEL and BET, as it then was, not only an exclusive monopoly for domestic and international calls, but it went so far as to preserve unto them the right to have a monopoly in respect of any new form of technology that would become available.

Mr. Speaker, Sir, I said it was wrong then. I believe it to be wrong now. Sir, I believe that, in the context of 1991 when we knew what was taking place, when we knew that we were on an ascending curve in respect of an information and communication age, to pledge those resources in the hands of one company and to give them a 20-year licence was fundamentally wrong.
3.50 p.m.

I therefore find it difficult to listen in here today to the Leader of the Opposition speaking voluminally on the lack of distance between this Government and Cable and Wireless. This Government never gave Cable and Wireless a 20-year licence. When the records are written and taken from this Chamber, or the history of Barbados is written, the relationship of a Barbados Labour Party Government with a company called Cable and Wireless will not be that of giving it an exclusive monopoly licence in the year 2001, but in fact having a licence that could run until the year 2011 and having it finish eight years prior to what they are legally entitled to, Mr. Speaker.

Mr. Speaker, that having been said, it is nonsense to come and play politics with the people of Barbados. There is a reality that the domestic telephone rates have always been at a lower level than is necessary, to supply the service. Anybody who tries to get in here and talk about whether the rates are going to go up or go down, without reference to that whole reality is playing, Sir, trivially. I am saying to you, Mr. Speaker, Sir, that part and parcel of making this economy competitive and part and parcel of creating sustainable opportunities for Barbadians require that we remove those things which currently act as disincentives in our economy.

In some instances, Sir, it will mean higher charges to Barbadians. In other instances it would mean lower charges but I do not know why the public is not properly informed. I am saying to you, Mr. Speaker, that the reality is that we have always suffered from excessive international telephone rates, way beyond the cost of providing those telephone calls but at the same time, we have subsidised domestic telephone rates.

Now, I believe, Mr. Speaker, that part and parcel of a country, at the time of independence, in terms of providing services to its people must be to ensure that there is a 100 per cent electrification and that there is universal service in respect of telephones. I believe that we have long reached the point where we can consider ourselves as having attained universal service in respect of the telephone.

I am not so naive, Sir, as to think that could have happened just so, nor am I saying that it has happened without substantial investment from Cable and Wireless and its precursors. The reality is that that investment cannot be a reason to justify their continued monopolistic existence in Barbados. While we are not prepared to strand their investment, given the extent to which as they invested they also committed to a universal service for all Barbadians, we have now to determine and to decide how best we can open up the market such that effective competition can:

1. Increase the quality of services from which Barbadians benefit.
2. Ensure that those prices and costs are as competitive as possible, given the cost of delivery of the particular service.

Now it may well mean, Mr. Speaker, that in order to maintain the increases and the rapid development in technology which we have seen in the telecommunications sector, there may be some increases and there may be some reductions.

I believe, for example, that there is room for reductions in the provision of Internet services. I believe, for example, that we cannot think of a Barbados without ensuring that the 30 per cent of American population with Internet access, also becomes a reality for us.

I believe, Sir, that we have a responsibility as well to recognise that you cannot carry a service and continue to subsidize it without recognizing that if a cost is being borne in the provision of that service, the cost has to be recovered. If you are going to take away the benefits of a monopoly, then you have also to accept that you cannot strand people's investment.

I however believe, Sir, that for Cable and Wireless to say to persons that the only option is to meter is not in fact, a reality. I am one of those, Sir, who believes that a flat rate, even if it increases from what it is, is preferable for the Barbadian population, not because that is the only way we can go but because, Sir, we have developed a philosophy and a way of approaching the provision of services in this country, from education to health care to social security benefits, that recognises that very often elements of the population subsidised other elements which are unable to provide for themselves. This is largely because of the precepts of social justice to which we adhere, and to maintain the equity of balance and harmony in the society that we have come to enjoy, and which we believe to be responsible for our quality of life, our peace and our stability.

I therefore believe, Sir, and it is a matter I am told that will be for the Fair Trading Commission to decide. I do not support metered rates and I support flat rates, even if it means some increase in flat rates because I recognise that you cannot ask people to provide a service at a loss.

I also believe, Mr. Speaker, that there has to be a recognition that the opening up of the market will provide opportunities, as I said, for young Barbadians to become Internet service providers whether by dial up connection or whether by cable modem, and that there are opportunities for synergies with the Caribbean Broadcasting Corporation (CBC). Indeed, Sir, the new technology that we are looking at for the Caribbean Broadcasting Corporation, which I regret was not undertaken four or five years ago, will facilitate it with a technology capacity, not just to provide cable but also to provide, Sir, cellular services, secured communications for security organisations like the Barbados Defence Force and the Police, and the provision, generally, of cable and other broadband services.

One of the cautions that we do have, Sir, is that, while for the latter half of the 1990s the telecommunications sector and the broadband industry grew at considerable rates, the events of the last year, with the lack of strong performance of both Internet and technology related companies, have meant and will mean that investment in that sector will slow down and that there will be a consequence, generally, on the sector globally and we can suffer as a result of that.

Sir, there are sufficient developments within the industry already that we have not yet benefited from, which I believe that this Government's commitment to liberalising the sector will allow us now to benefit from.

I also want to speak to the issues of transparency Sir, and fairness. I had the opportunity, Sir, to be in these discussions only at the very end and, therefore, was satisfied that the provisions which we have put in the legislation, in respect of the IROs which will allow companies to enter the market, that the Fair Trading Commission has a responsibility to settle on the framework for the IRO. Thereafter, market forces will take place in respect of negotiations between the parties.

We are ensuring, Mr. Speaker, that the dominant carrier does not maintain a position of dominance throughout but that there is a level of transparency and equity, such that any player coming into the market is not immediately disadvantaged by reason of that dominance in the market, or by reason of the absence of an investment to be able to set up all the initial architecture that is needed to operate the services.

4.00 p.m.

We also believe that the consumer interest is paramount and by reason of that the numbering plan is vested in the Minister for Telecommunications so that there will be an assurance of quotability of numbers so as not to bring a level of disruption to the markets simply by reason of the entry of new players into the market in providing telephone services.

We have gone even further, Mr. Speaker. We have said that in respect of any disputes, such as that of a carrier who is dependent upon service from the dominant carrier, who then withdraws the service, the person has a right of appeal to the Fair Trading Commission (FTC) so that they can have their issues resolved. What we have to do, however, is to administratively ensure that the Telecommunications Unit in the Ministry is so strengthened that we cannot now have anyone seeking to pull the wool over their eyes or, indeed, as it relates to the management of the new resources which the legislation vests in the Government, such as the spectrum, that they are capable of managing it and exploiting it in the best interest of the public and ensuring that the patrimony of Barbados is truly exploited in a way that is beneficial to the entire public.

I believe that the legislation rests on sound principles of transparency and equity. I believe that it was inevitable, however, that Cable and Wireless should feel that they should have a say in any transition that would arise from the ceding of a monopolistic licence to their being simply one player among many in a liberalised market. But their having a say can in no way ever abridge the rights of this Parliament nor can in any way determine how this Government should seek to govern the management of a liberalised sector. I believe that it is unfair to suggest that Cable and Wireless,

therefore, had any other role other than representing what their property interests, and legitimate property interests, were as a result of a licence that was vested in them by the Democratic Labour Party Administration in 1991.

I look forward, however, to being able to have a choice and I look forward to being able to deal with the provider whether it is for cellular, for fixed telephone service or for internet service or, ultimately, even with a cable provider because the convergence will lead to that within a short period of time. I believe too that I should have the choice to see who delivers the best service at the most affordable price given all of the considerations I have as a consumer. I think that is the best this Government can do in acting in the interest of the public while at the same time ensuring that the services and the capacity of what is being offered are broad enough to be able to enhance the competitiveness of this economy both as a place of investment for foreigners bringing money to Barbados and also as an opportunity for young Barbadians to be able to invest in these new areas of activity given the increased demand both locally, regionally and internationally.

I want to commend the Minister of Economic Development for his speech today and I also want to commend the Minister for Consumer Affairs who has responsibility for the Fair Trading Commission (FTC) because I am aware that both Ministers were responsible for larger parts of the discussions and the drafting of the Memorandum of Understanding. I believe that the level of cooperation between the two ministries was such that we should see a seamless environment emerging in which there will be more players brought into the market and the equity and fairness that is required under both this legislation and the Fair Trading Commission Act can be provided for.

There is one small amendment which we will have to make in the third reading which relates to the applicability of the Fair Trading Commission Act and the Utilities Regulations Act.

I also want at this stage to commend the draughtsmen in my Chambers who would have been responsible for drafting this legislation in about two months and who worked, therefore, under very onerous circumstances in ensuring that this Bill could be completed today before us. I believe that it is my responsibility to salute them for their effort.

I want to thank all of the members including those in the Telecommunications Unit for whom, I know, it was a long and sharp learning curve. I believe that they have acquitted themselves well and I trust that in the future we will continue to strengthen that Unit and to ensure that we

can count the telecommunications centre as one of Barbados' major economic centres, not only as it provides the basic telephone service for all Barbadians but, indeed, in terms of the spin-off industries whether in informatics, the call centres or the opportunity to allow us to participate real time in any part of the world once those services are available.

This should represent one of the major bedrocks of this Government's plans to continue to diversify our economy so as to ensure, when 2007 comes and our relationship as it relates to sugar changes, or when our relationship with manufacturing and agriculture continues to be threatened by reason of our membership in the World Trade Organisation and our inability to use other than those safeguards and provisions that we are entitled to use, that we will still have other sectors and other options so that the quality of life Barbadians have enjoyed can continue.

This is a necessary step in our economic development and my only regret today is that the year 2001 is the year in which we are doing it instead of 1991, and I can only refer to my speech in the Senate at that time. The Democratic Labour Party had the golden opportunity to put us ahead of the curve in respect of all developing countries and when the records are written their relationship will be to have extended the monopolistic licence for 20 years; ours is to bring about its termination with eight years still to spare as a property right on the part of those who hold that monopoly.

I thank you, Sir, and trust that we will have continued discussions on this matter because the sky is the limit in respect of investment opportunities and development opportunities in this sector and I trust that what we are doing in EduTech will also facilitate a platform for a whole new generation of Barbadians to benefit from this legislation and this liberalisation that we are heralding here by the passage of this legislation.

I thank you, Mr. Speaker.

Hon. R. St. C. TOPPIN: Mr. Speaker, I want to begin while it is still fresh in my mind by showering praise on the one person that the Honourable Attorney General did not want to shower praise on in relation to the conclusion of the Memorandum of Understanding between the Government of Barbados and Cable and Wireless and that person really is herself. She really got involved pretty late in the proceedings just after I did but she was able with great skill to ensure that we were able to conclude the agreement between the Government of Barbados and Cable and Wireless. I do believe that any record that does not reflect the great work done by her in these proceedings would, in fact, be a very defective record.

4.10 p.m.

I want to say a bit about the Fair Trading Commission and what it has been doing since it was set up and perhaps this occasion will have to be precious near the end of

occasions when I will be speaking on behalf of the Fair Trading Commission since the Fair Trading Commission is well underway in establishing a public relations department to handle its own PR. In fact, I am aware that an offer had already been made to an individual to carry out that function for the Fair Trading Commission. Just when it was thought that the deal had been done, the person was unable to accept the assignment and hence the necessity for re-advertising and re-recruiting. I understand that process is well advanced and very shortly they will be able to have their own PRO.

It is also important, Mr. Speaker, to recognise that the reason I say that perhaps I will not be doing this for much longer is the fact, as the Honourable Member for St. Michael South indicated, that the time has come when all of us and Barbadians as a whole must start to de-link the Fair Trading Commission from the Government and I mean from the Government of the day, whichever Government that may be. That is obvious. The Government has gone to great lengths. In my opening presentation when I introduced the relevant legislation to this Chamber, I pointed out that the Fair Trading Commission was being set up to be an independent entity and that point is important because the time, I believe, will most assuredly come when the Fair Trading Commission will have to adjudicate on matters in which the Government itself may well be a party. It may well be that the Fair Trading Commission would have to adjudicate in a manner that decides the matter against the government agency with which it is interacting on that particular occasion.

It is necessary, therefore, for the public to understand that the Fair Trading Commission is not and cannot be controlled by the Government of the day precisely because the time will most assuredly come, I believe, when the Fair Trading Commission will have to take decisions that may in fact be against the particular government of the day.

Having said that, Mr. Speaker, I want now to say a bit about how the Fair Trading Commission has gone about setting itself up. The first point that I would want to make is that we are here dealing with a whole new ball game when we speak about the Fair Trading Commission. This is not a case like the Public Utilities Board where the workload was infrequent and sporadic, such that it was not even interested in, nor was it necessary to get into, procedural rules or to recruit professional staff and structure itself in such a way as to handle a consistent workload. The fact of the matter is that the PUB had a very infrequent and sporadic workload and hence no professional staff.

The first thing that the Fair Trading Commission has been doing is ensuring that it recognises the magnitude of the task before it. It has to deal with utility regulation, consumer protection matters, fair competition matters, and

to do all those matters it has to ensure that it is professionally staffed. Since January, when the Fair Trading Commission was established, I would say that perhaps one of its major foci has been to ensure that it in fact equipped itself with the necessary professional staff. To date, I can say that it has managed to recruit a generally good council, a director of utilities regulation, a telecommunications analyst, an accountant and a human resources officer. All of this, as I said, Mr. Speaker, is to equip itself professionally.

I believe that the Fair Trading Commission would want to say as well that it thought it might have been able at this stage to be a bit more advanced in the area of the recruitment of other staff – a CEO for example. I think I was under the impression that there was a recognition that it might have been necessary to ensure that the remuneration package was adequate to attract individuals to recruit who would be able to hit the ground running. In fact, the Ministry of the Civil Service disagreed with the submission made to it and hence the need to revisit the matter, perhaps at the drawing board level, and that has caused a bit of delay in the recruitment of a Chief Executive Officer.

I do anticipate from all reports that in fact very shortly a decision will be made as well with respect to a Chief Executive Officer. As it stands now there is an acting Chief Executive Officer but I expect that position will be regularised and quite soon.

The Commission has also been engaged in extensive training of the staff and the commissioners in the area of utility regulation because this is a totally new ball game and a totally new area. Therefore it has been necessary to engage the staff in training; and the commissioners themselves, who are going to be sitting in quasi-judicial capacities in relation to certain hearings, must have the skill and knowledge to be able to carry out their functions properly.

They have also created a number of operational manuals, office manuals, codes of ethics, internet and e-mail policy and the like to ensure that, in fact, they are professional as they go about their operation. As said earlier, I believe, by the Honourable Attorney General, they also made some very substantial and significant inputs into the Memorandum of Understanding, this Telecommunications Bill before Parliament today, the Consumer Protection Act which is under preparation and is currently at the Attorney General, and the draft trade competition legislation which is also at the Attorney General.

The Fair Trading Commission has been doing a tremendous amount of work over the last year since it came into existence and I expect that they themselves would want very shortly to start to publicise highly the good and hard work. Some persons have been washing far and wide today about the Fair Trading Commission and what will or will not happen in relation to matters that go before it. One member

even made the statement that it was now mired in controversy. I can certainly attest to the fact, based on what I have said, that it is mired in some very hard work and I want to commend them for the work they are doing.

Apart from those staffing and institutional strengthening matters I have just referred to, the Fair Trading Commission has also been ensuring that the system of regulation in relation to utility companies is modernised. This is necessary because the former legislation, the Public Utilities Act, was passed in 1955 and is totally antiquated and out of date. The whole approach to regulation has changed through the years since 1955 and Barbados could not afford to lag behind, especially if it wanted to take advantage of the relatively good infrastructure that we have, whether it be in relation to telecommunications or transport. Barbados is not known for lagging behind and we could not continue to lag behind any longer. Therefore, the Fair Trading Commission has been involved in modernizing the approach to regulation of the utilities sector in this country. They have been devising methods to move away from the current rate of return regulation – where utility companies have no motivation to be efficient because they have a guaranteed rate of return – to a system that now says that they are going to be governed by an incentive compatible regulatory mechanism to ensure that yes, companies can make huge profits if they are prepared to be efficient, but those profits that they make as a result of efficiency must in turn be passed on to the consumers.

I believe that any well-thought out and modernised system of utility regulation must have at its core the long-term sustainability of the particular utility company by ensuring that investors can make a satisfactory return on their investment. You cannot deny an investor making a return on his investment. You want to have investors and it is important that they are able to earn a return on their investment but while they are doing that the utility companies must also be required to be efficient as they go about earning this return on their investment, if they want to make any profits. People cannot be expected to pay for wastage and to pay for inefficiencies in utility companies.

Right now the system that exists is one that says that any increase in cost to the utility company is automatically passed on to the consumers, to me and you.
4.20 p.m.

The new system that is being put in place will ensure that any inefficiencies will have to be absorbed by the company and passed on to the shareholder.

Mr. Speaker, I am pleased to inform the House that the Fair Trading Commission will be using a price-cap model of

regulation with a quality of service factor in the medium term for the regulation of the telecommunications sector.

Mr. Speaker, much has been said by the Honourable Member for St. John about the issue of cost-oriented pricing. He has gone as far as to predict that next year there is going to be an increase in telecommunications charges, although he did not specify which telecommunications charges. The Honourable Member is known already to have predicted secret deals and kola syrup problems and he has not been proven right in any of those, yet he is predicting that there will be an increase in charges.

Mr. Speaker, on the last occasion that I spoke, my bias was in favour of the consumer and my bias has not changed. It is no secret that I do not support metered rates and I certainly would not like to see an increase in local rates or in the telecommunications sector. Sir, the Fair Trading Commission will make that determination.

Mr. Speaker, I am no technician, so forgive me if I am technically wrong but there is an equating of cost-oriented pricing with rate re-balancing. Mr. Speaker, in my layman's way, and knowing the road that the Fair Trading Commission is intending to take, I do not see the two as equal. As I understand rate re-balancing in the context of Barbados, international rates are now unnecessarily high and local rates are being subsidised, so in order to lower international rates to bring them in line with the cost, automatically local rates have to be increased.

Mr. Speaker, with all due respect, I do not believe it is as simple as that. I do not believe that if international rates are lowered, automatically it means an increase in local rates. Mr. Speaker, the Fair Trading Commission is going to do a thorough investigation of the cost that any utility company is claiming attributable to service that it is providing. Mr. Speaker, I set up the Fair Trading Commission to investigate the issue of the cost of providing the service. The Honourable Member for St. John made one mistake. He seems to think that because Cable & Wireless is saying that it can no longer provide the local service at the present cost that is the end of the matter. Mr. Speaker, with all due respect, that is not the end of the matter because the Fair Trading Commission will extrapolate from all the information that exists in relation to the cost of Cable and Wireless providing local and international telecommunications services. This is what the Fair Trading Commission has been set up to do, not to believe that Cable and Wireless can no longer afford the present situation and, therefore, they can get an increase.

Mr. Speaker, if the Government has set up the Fair Trading Commission to do that, I will disassociate myself from the Commission in every sense of the word.

Mr. Speaker, the public of Barbados will not have to pay or subsidise anything from Cable and Wireless or any other utility company that comes to the Fair Trading

Commission seeking an increase. The company will have to prove that there are no big and luxurious salaries being paid out that are inflating the cost of providing the service.

If any Honourable Member in here knows on December 18, 2001, what will happen before the Fair Trading Commission is able to investigate the cost factors I have just mentioned, he is truly a prophet of class. We know that the Honourable Member is not a prophet and he has proven to be a failure in the past.

Mr. Speaker, I am asking that the matter go through the full investigative process that it is required to go through pursuant to the Fair Trading Commission Act and the Utilities Regulation Act which established the Fair Trading Commission and let us see if Cable and Wireless or any other service provider can satisfactorily explain and justify the cost being claimed.

Mr. Speaker, I cannot say that the Fair Trading Commission will always be able to bear good news because that would be an over-simplistic approach. We know that the costs of things go up from time to time. So invariably at some stage prices will rise but if there is any increase in local telephone rates it will be left to the determination of an independent body set up specifically and exclusively to deal with that.

Mr. Speaker, I hope that it is pellucid that any allegation as to what will happen in speculation will be determined by forces that are external to us.

Mr. Speaker, the Fair Trading Commission is also ensuring that we do not have hearings that go on and on. We want to ensure that there is no repetition of any hearing that lasted 37 days, had 3 426 pages of transcripts, 12 witnesses, 190 exhibits, and cost \$3.5 million for the hearing and \$376 000 for the review, plus the cost of the appeal. The Fair Trading Commission will ensure this does not happen. Therefore, it became imperative that procedural rules be established to handle pre-trial matters, discovery and the like. The Fair Trading Commission has already prepared these rules.

Firstly, any utility company that makes an application for an adjustment in rate must set out its requirements in the application itself.

4.30 p.m.

These rules now seek to ensure that those persons who wish to object can send in their objections in writing. If they want information, the request should be made before the hearing. When the objectors appear at the hearings they deal with their points and time is not wasted. Ultimately the consumers have to pay the cost of these hearings.

The Fair Trading Commission has put in place a set of procedural rules for hearings and they are at the end of the consultative process with Cable and Wireless in relation to telecommunications. Sir, before the end of the year the Fair Trading Commission will be able to sign off on this set of procedural rules to ensure that hearings are streamlined.

Mr. Speaker, the office of Public Council – this is not a Fair Trading Commission matter, but I am just saying this for completeness – is to be made available and is statutorily provided for in the Utilities Regulations Act to assist members of the public in preparing their cases before they go to the Fair Trading Commission to be heard. I want to update you on the status of recruitment and to say that interviews have been conducted and concluded in relation to the selection of a Public Council. The recommendations have gone to the Judicial and Legal Services Commission and we are awaiting the final decision for the selection of a Public Council. The Judicial and Legal Services Commission is meeting in January 2002 to sign off on the matter. If that is done, it is anticipated that a Public Council will be in place not later than April 1, 2002. Sir, that will be a significant advancement in ensuring that ordinary persons can have assistance as they seek to make complaints against service providers, or applications for rates or adjustments before the Fair Trading Commission.

Mr. Speaker, in terms of transparency, I am not dealing with transparency from the same point of view as the Honourable Member for St. Michael North East, the Honourable Attorney General.

We previously had a system in place where two entities, Cable and Wireless/Bartel and the Barbados Light and Power Company, were regulated by the Public Utilities Board. It cannot make sense to have a system where two companies were regulated one way and other companies providing utility services were being regulated another way or not being regulated.

The Barbados Water Authority, National Petroleum Corporation, *et cetera* on the one hand, outside of the purview of the Public Utilities Board but Cable and Wireless/Bartel and the Barbados Light and Power Company Limited were regulated by the Public Utilities Board. That was a system that made no sense at all. The most inexplicable situation was that Cable and Wireless/BET was regulated by ministerial discretion. Cable and Wireless/BET simply wrote the Minister seeking a rate adjustment and because of the nature of the legislation, which may end today, the Minister had the power to say yes or no without any hearings being conducted regarding the justification for the request.

Mr. Speaker, all of those entities providing utility services have to be brought under the Fair Trading

Commission. The Fair Trading Commission has, therefore, been actively engaged in analysing the various studies done on those sectors to bring them under its purview.

Sir, the important thing about bringing these entities under the purview of the Fair Trading Commission is that once these entities are regulated by the Fair Trading Commission, John Public would be able to attend hearings, examine accounts and the various arguments put forward and have a say in whether or not that entity should be granted the increase that it seeks. Mr. Speaker, except in certain circumstances where matters would be held in camera, which would be the exception rather than the norm, Sir, and even then the in camera discussions must still be published. Mr. Speaker, by virtue of this legislation, it is going to be possible, in relation to all entities, that the public of Barbados will always feel satisfied knowing that they were able to participate in the process to determine their own cost of living.

Sir, if you exclude an individual, he is entitled to feel frustrated and annoyed because he had no say in the process. However, if you give him a chance to be heard, he knows that he has a stake in it and, therefore, he is better placed to abide by any decision that is made.

Mr. Speaker, the issue of liberalisation that is being talked about is a good thing. Honourable Members have made the point that it does not lie in the mouths of the Opposition to make any comment about the predicament that we are in today, because they are the ones that laid the foundation for our being in this predicament. They literally sold Barbados in 1991 to Cable and Wireless, giving them a 20-year monopoly in the telecommunications area. Sir, this is an issue that we are trying to correct but there is a saying that when your hand is in the lion's mouth, you have to try and ease it out. Sir, that is what we have been trying to do.

The fact that the market is being liberalised does not mean that deregulation can take place immediately. In our market where we had a dominant carrier as a monopoly for many years, we have to ensure, particularly in the first stages of liberalisation, that new entrants to the market are not disadvantaged and discriminated against.

Some people would say that a new entrant need not interconnect. Given the current technology, a new entrant could beam up directly. Therefore, a person on that new entrant's network could communicate with themselves. If someone, for example on an AT&T system that is operating independently, wishes to communicate with somebody who does not have an AT&T phone but has a Cable and Wireless/Bartel phone, they would find that they cannot do that unless they are interconnected. Therefore, interconnection is central to the issue of liberalisation in a sensible way, as I see it.

Mr. Speaker, the provisions in this current legislation are very important. It is for the Fair Trading Commission to handle, virtually, all matters in relation to interconnection.

Mr. Speaker, my time is up but someday I will get the chance to develop this point further. With those few words, Mr. Speaker, I am indebted to you.
4.40 p.m.

Mr. SPEAKER: The Honourable Member for St. Philip South.

Hon. A. P. WOOD: Thank you very much, Mr. Speaker. I rise to make a short contribution to the debate on this very important Telecommunications Bill.

Mr. Speaker, the Honourable Minister for St. Michael North made a very important point and I am happy that she took the opportunity to clear up some of the grey areas coming from previous Speakers, especially those on the Opposition Bench, that needed some level of treatment.

Mr. Speaker, as far as I am concerned, the Honourable Members for Christ Church East and, indeed, St. Michael North East have both put this debate in its proper context. The first question one must ask one's self is, 'Why is it important that we seek to introduce a Telecommunications Bill which will drive the necessary reforms in the telecommunications sector?' Sir, this is the obvious question that one would want an answer to.

Mr. Speaker, as those two persons have said, the reform in the telecommunications sector is vitally important if we are to create the type of environment which is necessary to facilitate continued improvement in our economy. Sir, two industries that form part of the foundation of Barbados' economic prosperity are dependent on this type of approach, namely the international financial services and tourism. Time and time again we have heard that our tourist product is maturing but it is also a very high cost one. If we show efforts to create the necessary reforms which will allow us to do something about that, then we have created a situation for continued prosperity in our tourism product.

Mr. Speaker, on numerous occasions, the Prime Minister has come here and has pontificated on the importance of dealing with the encumbrances to transacting business in Barbados and also the need for us to go through a series of reforms which will allow business in Barbados to be cheaper. It will allow us to deal with some of the other structural and technical rigidities which interfere with the smooth functioning of this economy.

Sir, it is not only in the area of telecommunications that we need some sort of reform. The Prime Minister is very mindful of the fact that in our labour market, Mr. Speaker, reforms are needed. The Honourable Member for St. James

North who has responsibility for labour matters will, shortly in the New Year, be coming to this Honourable Chamber and telling us how we can reform the labour market to allow it to function more effectively and efficiently.

Sir, reforms do not escape the financial sector and this Administration is mindful of the fact that reform is needed in that area as well. We hear a lot about the oligopolistic nature of the market for finance in this country. How banks and other institutions have a way of including, on a daily basis, a number of charges for providing certain services. We are saying, time and time again, that it is necessary for something to be done about that. Sir, this Administration is very mindful of the fact that fundamental reforms are needed in the financial sector which would allow business to be conducted in that sector without so many complaints.

Mr. Speaker, I have been provided with a brief which gives us another reason why it is important for us to reform the telecommunications sector. In addition to dealing with economic matters, Barbados is a signatory to the basic Telecommunications Agreement made under WTO and the General Agreement on Trade and Tariff (GATT) services. Our existing regulatory framework does not assist Barbados in meeting its obligations to promote liberalisation, competition and transparency in national, regional and international telecommunications, in accordance with the Government's commitments on basic telecommunications made under the WTO/GATT. Therefore, by virtue of our involvement in the WTO process, this country is expected to prepare itself, and properly so, for reform in this area. Of course, the more overriding concern has to do with the cost of doing business in the international financial services sector and in the tourism sector.

Mr. Speaker, in his closing remarks, the Honourable Member for St. Michael North made a very important point, that we should not see the movement to a more liberalised environment as a process which can be handled overnight. That is, that we go from one environment that is characterised by the monopoly to one that is characterised by open, effective and free competition. It does not work that way in this case. Sir, what is vitally important is that the process is managed carefully so that, as we move from one extreme toward the other, there are points which would require a functional regulatory framework which will provide for the management of this transition from a monopoly to a competitive market structure and the continued management of the competitive environment. Sir, this Telecommunications Bill allows us a proper handling of that transition process from a monopoly to a competitive structure. Sir, this Bill reserves responsibilities for the Minister responsible for Telecommunications to allow that process to be handled properly. The Honourable Member for St. Michael North and others who have previously

spoken have made mention of the importance of the Fair Trading Commission in this transitional process and in the continued management of the competitive environment.

The Honourable Member for St. Michael North also made an important point about the importance of interconnectivity. I am going to take this opportunity to speak on this very important issue because I sat here and heard the Honourable Member for St. Lucy – not the Honourable Member for St. John – seek to give the impression that, with Cable and Wireless having invested so much money in providing the infrastructure in telecommunications in Barbados, overnight some other major competitor of Cable and Wireless would come in and all that was done by Cable and Wireless would be strangled, and the new entrant could also provide the infrastructure, at an excessive cost, for the provision of these telecommunications services. Now, that is if we were living in an ideal and Utopian society.

4.50 p.m.

We have to recognise that, in getting more and more players into the market gradually, they will want to make use of the infrastructure that is already in place. That is the cost which was underwritten by Cable and Wireless over the years.

Cable and Wireless, being the only player in Barbados for the longest while, is in a better position to underwrite the further cost to improve the technology. We hope they will do that because we want it reflected in the rates, not only for the local service but for the international service.

Mr. Speaker, this issue of interconnectivity is very important and there is a costly infrastructure in place. People who are coming into the market will want to make use of that infrastructure to provide service. The fact of the matter is that if they want to do it in an alternative way, they must be prepared to underwrite the excessive cost. I must tell you that Cable and Wireless is here already and they can do it because they have an advantage and there is nothing to say that they will be stepping aside to allow that to happen.

Mr. Speaker, I had the benefit of sitting on the Public Utilities Board for about four years. Thanks to the Honourable Member for Christ Church East.

Asides.

Hon. A. P. WOOD: I distinctly remember, Mr. Speaker, that on numerous occasions we sat at Board Meetings and dealt with complaint after complaint from persons who wanted to hook up to the infrastructure. BARTEL found all types of reasons to either delay them or frustrate them and we had to deal with those complaints.

Sir, we wrote BARTEL and Cable and Wireless and asked them to explain their actions. In one case, I am not at liberty to call the name but the person was so badly affected that his business virtually folded up, at the core of the problem was this issue of interconnectivity. This Bill speaks to that issue in a very definitive way and it has even given a time frame within which the company will have to deal with applicants that require interconnectivity. The Honourable Member for Christ Church East is very mindful of the importance of interconnectivity and, as we seek to liberalise the telecommunications sector, I have no doubt that he will be paying extremely close attention to that area.

Mr. Speaker, let me spend a moment looking at what was described by some Honourable Member who spoke previously, as either rate balancing or elimination of cross subsidisation, that is, taking the proceeds from international rates which are set at artificially high levels and using those proceeds to subsidise the local service.

I am very glad that I am speaking after the Honourable Member for St. Michael North because, he has ministerial responsibilities for the Fair Trading Commission and you can see that he has a passion for what the Fair Trading Commission was set up to do. He reminded us that there was no one-to-one correspondence between liberalisation in the telecommunications sector and the movement of rates for the local service or for those who are using the service that takes information across national borders.

We have to be very mindful that there is a school of thought in this country – and I got fairly close to it by virtue of my position on the Public Utilities Board – which suggests that the local rates are heavily subsidised and the international rates are held artificially high; and that we use an approach to rate setting which promotes that type of thing; and that politicians and other persons would like the maintenance of a flat rate that is kept artificially low. The fact of the matter is that once a commitment is given on the part of this Government to liberalise the market, you cannot be doing that, Mr. Speaker, and at the same time – this is my view on it – seeking to control the determination of prices. There seems to be a conflict there.

The role of the Fair Trading Commission, as is explained by the Honourable Member for St. Michael North, is to make sure that all elements of cost are determined and that information is made available to the commissioners at the appropriate time. It is only when that is done that we will be in a much better position to know whether the local rates will be revised upwards, whether they stay as they are, or whether they go down.

I really do not want to prejudge the work of the commissioners but their decisions, just like when I was there and my decisions, have to be based on the best available information. They have to seek out that best available

information on cost before they can make the determination on rates. We have enough reason to believe that the overseas rates are high and based on our concept of development for this country, we obviously would want to see a reduction in international rates.

Sir, that does not necessarily mean that what is associated with a reduction in international rates would be an increase in the local rates. We should also be mindful of the fact that revenue can be generated in other ways and there are value added services, Mr. Speaker, from which the company could generate revenue. Those value added services are very optional. The flat rate that we pay is high but, if you want the service, you have to pay for that service. If you want the value added services, you pay for them. Those value added services, are to be charged in a particular way but the Fair Trading Commission will have its work to do.

One of the other things that the Fair Trading Commission will have to pay some attention to – and it is work that started certainly when I was there – has to do with the quality of service and setting of effective standards. Mr. Speaker, we cannot sit back and argue on the one hand for minimal charges for the service and then be arguing for this enhanced quality of the service. There is a cost to the company for providing enhanced quality of service and the Fair Trading Commission is well within its rights to mandate companies to provide service of a particular type and to a particular standard. These things can be made explicit and we can hold the company to them.

For example, the length of time it takes to respond to break downs, to provide a service once the application is made, and things of that type. Sir, the Fair Trading Commission will have some very important work to do.

I want to make contact with something the Honourable Member for St. John said. I know he did not mean it but these things happen from time to time. I suppose all that is part and parcel of being a politician in the Opposition – that you tend to say things that you do not really mean.
5.00 p.m.

That would happen from time to time and I am certain that for a number of years to come that it will continue to happen. It was a very damaging statement when the Honourable Member for St. John sought to give the impression that the Green Paper on Telecommunications reflected in a very material way. He even said that it was written by Cable and Wireless which is a very unfortunate statement but I know that he does not mean that. So in a way, I am quite happy that I am here and I am no longer over there.

A lot of hard work went into the preparation of the Government's position in these negotiations.

Asides.

Hon. A. P. WOOD: A lot of hard work went into it. If

one read the details of the Telecommunications Bill and the Green Paper one would see the Government's policy position clearly set out on this matter and what is motivating the Government to deal with the reform of the telecommunications sector.

Asides.

Hon. A. P. WOOD: We will continue to be guided by what we think is in the best interest of economic development bearing in mind that in a matter of this type, when fundamental changes would have to be made, the ultimate result might not be one in which all the beneficiaries will be gaining in respect of the rates which are to be charged for the various services.

So, Mr. Speaker, I want to commend all those who contributed in one way or the other to the preparation of this Telecommunications Bill. As I said earlier, I do not want to prejudge the work of the Fair Trading Commission (FTC). The Commission is there to adjudicate upon very important matters in the not too distant future. As I said, a period of time must elapse during which we could move from an environment which is characterised by monopoly to a truly competitive environment because that process has to be handled very well.

This Telecommunications Bill provides the Honourable Member for Christ Church East and his staff with certain responsibilities which would allow them to manage that process to the best of their ability. It will allow the Fair Trading Commission (FTC) to do its work and at the end of the day I hope that the objectives of the Government will be realised. Those objectives naturally are not restricted to the business class but will also relate to the interest of the consumers.

Mr. Speaker, I thank you.

Hon. Sir HAROLD St. JOHN: Mr. Speaker, I rise to make a very short contribution to this Bill because unfortunately I have not been privileged to have what I would regard as adequate time to study the Bill so that I could be in a position to advise this House whether, in my opinion, all of the provisions of the Bill would adequately deal with the objectives which I am sure all Honourable Members are in favour of.

I start off from the assumption that the telecommunications industry is one of supreme importance to us in Barbados. As has been said, there are a number of industries in Barbados whose very existence is dependant upon adequate telecommunications capacity available to these industries at prices which are internationally competitive.

One of the alleged benefits of globalization is that countries which are small can theoretically provide services to many larger countries, providing they have adequate infrastructure in the form of adequate telecommunications and have the human resources available to them to be able to make use of the opportunities provided by adequate telecommunications.

It is a fact that the trend in the world today is that monopoly providers of telecommunications services are the exception rather than the rule so that Barbados really is coming a bit behind a large number of countries in our quest now to break the monopoly which was in existence in Barbados for many years.

As I understand it, the object of this Bill is to set out a legal framework in which competition can be provided to the existing monopoly holder within a phased period of time and that the Bill makes provision in the interim between free competition for a regulatory framework in the traditional manner that the existing monopoly was regulated in the past. What has to be made clear, and I am not in a position to say whether the Bill makes it clear, is what is to happen when that transition period has expired and theoretical competition is in existence with the regulatory authority of the Fair Trading Commission (FTC) with respect to telecommunications. My understanding of the regime in other countries is that the regulatory bodies cease to operate or function in relation to telecommunications, provided that the overall regulatory authority – which in Barbados would be the Minister – is satisfied that there is in truth and in fact a competitive environment in the industry. That is something that has to be made clear.

5.10 p.m.

The second point that we have to remember is that a cost based approach to regulation in the context of a competitive environment with the rest of the world may not necessarily suit our purpose if we accept that there is an automatic rate of return that has to be provided for a service provider based upon its costs. If the cost in the country such as Barbados is in excess of the cost of our competitors then we in turn, by reason of our regulatory mechanisms, will unquestionably be uncompetitive. In other words, a broad look has to be taken not only at the existing costs but on the true potential cost derived from a theoretical examination of the factors to see whether they are in truth and in fact necessary at the price at which they are being put forward. That is a very important point. It is an important point particularly in the context of Barbados. We are part of an integration movement. There is absolutely no doubt that the fellow members of the integration movement in Trinidad & Tobago and the Organisation of Eastern Caribbean States (OECS) countries see the provision of services via telecommunications as a natural activity for them and if our legislation is out of sync in any way in the determination of our regulatory environment with theirs we are automatically

placing ourselves at a disadvantage. I think that we must remember that.

Today as I understand it, and I do not claim to be a technologist in any way, it would be possible in Barbados, if the costs in Barbados are radically different from or uncompetitive with Trinidad or the other islands, for people to provide services even for a demand originating in Barbados via those countries, the OECS and Trinidad. I believe that situation is in existence now because some airlines have moved their call centres from Barbados to Trinidad & Tobago and are in fact satisfying a demand in Barbados via that method. So we have to be careful.

We must look at this Telecommunications Bill not only in the context of the great leap forward that we are taking to break the existing monopoly. What we have to look at is that that which will replace the existing monopoly, itself will be so regulated that it has to be competitive first of all with our members of the Common Market and secondly with international competitors. These are very important points.

Sir, the other point that I would like to speak on is that it is also important for us to remember that in the world today, because of the advance in technology, we may well find ourselves in a position in which the larger countries like the United States of America, with whom we now have a lot of telecommunications economic activity, where as a result of their dictating to their utilities, an impact is felt here in Barbados.

As I understand it, the international call accounting procedures that were in existence for a long period of time were in fact significantly affected by the rulings of the Federal Communications Commission in America by virtue of the fact that the Federal Communications Commission in America dictated to their carriers that they would not allow them to charge the American citizens a greater rate than they felt was reasonable on outgoing calls to these countries.

This whole question of regulation is exceedingly important and I believe that we must make sure that there are provisions in the Bill not only that the Fair Trading Commission carry out its primary function so long as it is in existence in relation to telecommunications but also that there is an oversight of that body by the Ministry. After all, it is the Ministry and the Cabinet and the Government of Barbados that are responsible for the impact of the international regulatory authorities on the international convention in relation to telecommunications.

This, Sir, will require that there are adequate human resources available both in the Ministry for its oversight as

well as within the Fair Trading Commission for its oversights. Let us not fool ourselves that the passage of this Bill will not immediately impact upon the need for resources and that, Sir, is not something that we should worry about because the pattern all over the world is that the providers of telecommunications services, like the providers of financial services, must bear the full weight of the cost necessary to ensure that they are properly regulated.

I would be glad to find out whether Barbados would be any different from many other countries when they find themselves in a position in which they are providing for new entrants that, as a matter of policy, every effort is made to ensure that those who wish to provide these services pay a fair price for the privilege of providing the services. Some countries have options for the new service providers. Other countries determine by a market analysis of the potential revenue streams and expenditures and profitability and fix a fee as a condition of entrance. There are a variety of ways in which other countries have made sure that in the new environment that is created those who wish to participate in that environment are made up front to contribute significantly to the coffers of the treasury and thereby relieve the governments of the need to find additional sources of revenue to support the new expenditures which inevitably arise if one has to have what is called an adequate human resource base.

Those are very important points, Sir. On the technical aspects of the Bill, I would wish that a careful look be had at the integration of the Bill with the Fair Trading Commission and Public Utilities Regulation Acts. That is a very important thing. There must be synchronisation of the two Bills. It must be guided by a very firm belief that only when the Ministry and the Government of the day are satisfied that there is sufficient competition within the framework of providers of the telecommunications, only then, will the regulatory authority of the Fair Trading Commission or the appropriate body be relaxed.

Sir, those are the limited observations I can make, having not had adequate time to study the totality of the Bill to see its overall provisions. Thank you, Sir.

Hon. R. R. FARLEY: Mr. Speaker, I rise at the conclusion of this Second Reading of this Bill. I do not propose to attempt to recap all that has gone before us. Members have expressed various views. Just to say to the Honourable Member for Christ Church South that the matters which he raised are very much part of the Bill and, in fact, the matter of regulatory forbearance and things of that nature are there. I spoke in my introduction to the Bill of the consultancy which is already underway, funded by the Canadian International Development Agency and the second phase to be funded by the Inter-American Development Bank, regarding the strengthening of the telecommunications

department within the Ministry.
5.20 p.m.

The two agencies will deal with the issues which he has raised and which we had identified some time ago as being the key to implementation.

In my opening remarks I indicated that we were under no illusion that the passing of this Bill, though a necessary condition, would be sufficient to complete the reform of the telecommunications process. Therefore, the other aspects of administrative and regulatory arrangements which constitute part and parcel of the reform were definitely addressed.

The presentations of Honourable Members focussed on many of the key issues. The Honourable Member for St. John raised one question amidst his tirade and, of all the time he spoke, only one important issue was raised.

Asides.

Hon. R. R. FARLEY: The Honourable Member knows more about this area than his speech portrays and he quite rightly asked the question concerning the matter of broadcast.

Sir, this Telecommunications Bill does not seek to address the issue of broadcast. The Broadcasting Authority of Barbados, to the extent that the radio station requires a communication license in order to use the airwaves, interacts with the Telecommunications Act. We have not in this exercise attempted to do what is done in Canada where they have the Canadian Radio and Telecommunications Commission dealing with the functions which are now separately dealt with by the Broadcast Authority and Telecommunications Unit. Naturally, we will get there but in terms of getting this reform process through, we decided to take it in two bites. But we will get there sooner rather than later.

I want to assure Honourable Members that Government is on stream in achieving the targets proposed and we are comfortable with these proposals in terms of their ability to achieve results.

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

Hon. Miss M. A. MOTTLEY: I beg to second that.

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

On the motion of Hon. R. R. FARLEY the House resolved itself into Committee, Mr. D. Carter in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Part I, Clauses 1 – 2 were called and passed.

Part II, Clause 3 was called and passed.

Part III, Clauses 4 – 9 were called.

Hon. R. R. FARLEY: Mr. Chairman, I beg to move an amendment to Clause 6, subsection 1(d), adding the words “the Fair Trading Commission Act” and “the Utilities Regulation Act”.

I beg to move that Clause Part 3 as amended be stand part.

Hon. Miss M. A. MOTTLEY: I beg to second that.

Part IV, Clauses 10 – 21 were called and passed.

Part V, Clauses 22 – 24 were called and passed.
5.30 p.m.

Part VI – Clauses 25 to 31 were called and passed.

Part VII – Clauses 32 to 36 were called and passed.

Part VIII – Clauses 37 to 39 were called and passed.

Part IX – Clauses 40 to 49 were called and passed.

Part X – Clause 50 was called and passed.

Part XII – Clauses 51 to 59 were called and passed.

Part XIII – Clauses 67 to 77 were called and passed.

Part XIV – Clauses 78 to 94 were called and passed.

Part XV – Clauses 95 to 103 were called and passed.

Part XVI – Clauses 104 to 112 were called and passed.

Part XVII – Clauses 113 – 116 were called and passed.

Schedule 1 and 2 became the Schedules to the Bill.

On the motion of Hon. R. R. FARLEY, seconded by Hon. Miss M. A. MOTTLEY, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill with amendments in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. R. FARLEY,

seconded by Hon. Miss M. A. MOTTLEY, the Bill was read a third time and passed, then cited as the Telecommunications Act, 2001.

ORDER NO. 13 – RESOLUTION TO APPROVE
IN ACCORDANCE WITH SECTION 5 OF THE
LAND ACQUISITION ACT, CAP. 228 THE
ACQUISITION
OF LAND SITUATED AT BAY STREET,
ST. MICHAEL

Hon. G. A. CLARKE: Mr. Speaker, the Resolution before the House seeks permission to acquire 2 804.1 square metres of land at Bay Street, St. Michael for recreational purposes. The location of this site is at the new London Bourne Towers and it is to the east of the Towers.

Sometime in 1998, the Cabinet had approved the acquisition of this additional land to provide additional housing for the residents of the City and to help ease the problems of housing stock in St. Michael, especially. However, after the London Bourne Towers were constructed, the Cabinet agreed that the new site should be for recreational facilities. It was taken into consideration that the Towers comprise six blocks, 44 units, a day care centre and small shops, but there were no recreational facilities. Therefore, the Cabinet in June 1999, rescinded the original decision of 1998 in order to provide recreational facilities for this site.

Mr. Speaker, it is important to note that it is the intention of Government, wherever housing development is taking place, to provide recreational facilities for the residents of the area. The representative of the City has been asking for recreational facilities to the eastern side of Bridgetown. She has always made the point that there were no facilities existing in that part of Bridgetown. Sir, she has always made the point and has been asking for recreational facilities to the eastern end of Bridgetown. In fact, I think the only one that presently exists is on the outskirts of the City and, therefore, this Resolution is seeking to provide this opportunity for those residents. It is understood that it will contain two hard courts, changing facilities and other facilities for both indoor and outdoor sports, but mainly a facility for basketball, lawn tennis and netball. It is understood that the Urban Development Commission, in conjunction with the National Sports Council, will be providing the facility. It is long overdue. There were a number of problems that we were faced with in this particular Resolution. At first, the owners had agreed to the acquisition, then there were other problems and we then had to survey this site and are now compulsorily acquiring the three parcels for the recreation of the City. With those remarks, Mr. Speaker, I beg that this Resolution do now pass.

5.40 p.m.

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

The question that the Resolution do now pass was put and resolved in the affirmative.

ORDER NO. 15 – RESOLUTION TO APPROVE IN ACCORDANCE WITH SECTION 5 OF THE LAND ACQUISITION ACT, CAP. 228, THE COMPULSORY ACQUISITION BY THE CROWN OF LAND SITUATE AT PIPERS AVENUE, CAVE HILL, ST. MICHAEL FOR THE PURPOSE OF HOUSING DEVELOPMENT

Mr. SPEAKER: The Honourable Member for St. George North.

Hon. G. A. CLARKE: Mr. Speaker, this Resolution is seeking the approval of Parliament to acquire 4 112.3 square metres of land at Pipers Avenue, Cave Hill, St. Michael for housing development. This site was first visited in 1997 with the representative of St. Michael North and, at the time, we were on tour looking at lands in the area for housing development. It is, indeed, a very special site because it overlooks the entire Bridgetown area. It is situated in a densely populated area of Cave Hill and is one of the few remaining sites left in that area. Sir, we believe that the National Housing Corporation could utilize this site for the benefit of a number of either high-rise or single semi-detached housing in the area. Sir, a plan for the site has been approved by the Town and Country Planning Department and it is envisaged that in the next financial year we could see the construction of houses in that area. With those remarks, Mr. Speaker, I beg that this Resolution do now pass.

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

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

Hon. R. St. C. TOPPIN: Mr. Speaker, I rise to give my support to this Resolution. If there is one thing that is needed, certainly within the constituency of St. Michael North and I daresay, I am sure, in most constituencies in St. Michael, is the issue of providing house spots.

As I see persons at my constituency office, one thing that I am proud about is that in, recent years, the major issue being presented here is the issue of the provision of houses and house spots. Gone are the days when the issue of unemployment was centre stage. That has now taken second place in the provision of house spots. Sir, it is very, very difficult to come across areas of land in the St. Michael's area to be used for virtually anything, unlike in the country area where land is in abundance. Sir, in the St. Michael's area, and certainly St. Michael North is no exception, there is

definitely a shortage of available land.

I remember in 1994, when a group of young men from the area of Lodge Hill where divested of their playing area by the last Administration, it took some five to six years before I was able to locate another piece of land to ensure that they were provided with an alternative area to play football, an area in which they have excelled. Similarly, in relation to the issue of house spots, it is very difficult to find land and when land is found we must, in fact, make sure that it is properly utilized. Therefore, I am very pleased that the Minister has hearkened to my request that this piece of land is required for the purpose of providing house spots for a number of persons. What I would like to stress is that – and I make no apologies for saying so because it can happen in other constituencies – land found in a particular constituency must, first and foremost, be utilized for the benefit of persons who live in that constituency. One thing that was very frustrating with respect to another piece of land, which was identified many years ago in my constituency, was that when I made enquiries as to where the spots were going, I was told that the then Minister of Housing planned to use the lots for recycling a number of persons who had lost their rights under the Tenancies Freehold Purchase Act. Sir, while we sympathize with them, it is not acceptable to persons living in a constituency just to sit back and accept that persons will move from another part of Barbados onto land that is in their particular area, especially when they or their families are in need of the land. Therefore, Mr. Speaker, I am making a bold plea that these lots in Pipers Avenue, Cave Hill, St. Michael, be allocated in their entirety to the residents of St. Michael North. When I made enquiries in relation to land in other constituencies, I was told boldly and unhesitatingly that, 'I am very sorry. You cannot get any of the land for your constituents. It has to go to the particular Member of Parliament for that particular area.' Sir, now that this piece of land is in my area, I am saying the same thing. I want to see every single lot in Pipers Avenue, Cave Hill, now allocated to residents of St. Michael North. Sir, at a moment's notice, I can produce to the National Housing Corporation, a list of persons who have come to my constituency office, repeatedly in some cases, asking for house spots. Sir, I am happy to produce the list and I am expecting that what is good for Peter is good for Paul.

Therefore, if it is that I cannot get land in other constituencies, then it is but right that my constituents, the good people of St. Michael North, are allocated this land at Pipers Avenue. I am grateful to the Minister and I look forward to this matter being taken forward, as he said, at a very rapid pace in the next financial year. I thank you.

The question that the Resolution do now pass was put and resolved in the affirmative.

ORDER NO. 10 – RESOLUTION IN ACCORDANCE
WITH SECTION 5 OF THE CROWN LANDS
(VESTING AND DISPOSAL) ACT, CAP. 225
TO APPROVE THE VESTING IN THE
HOTELS AND RESORTS LIMITED OF
LAND AT DOVER IN THE PARISH
OF CHRIST CHURCH

Mr. SPEAKER: The Honourable Member for St. George North.

Hon. G. A. CLARKE: Mr. Speaker, this particular Resolution pertains to the vesting of 5 711 square metres of land owned by the Crown at a site which is the former Dover Convention Centre, St. Lawrence Gap, Christ Church in Hotels and Resorts Limited as a Government equity in that venture.

On October 09, 1997, the Cabinet had agreed to vest the Crown's Land at Dover in Gems of Barbados as Government equity. However, at subsequent meetings on 11th February, 1999, Cabinet rescinded its decision that the property should be vested in Gems and agreed that the said property be vested in Hotels and Resorts Limited as Government equity. This property is situated on the beach of St. Lawrence Gap, in one of the busiest tourist areas on the South Coast.

Mr. Speaker, we all are aware where the Dover Convention Centre was located and we are asking Parliament to agree to this vesting in the Hotels and Resorts Limited as Government equity in this venture.

Sir, with those remarks I beg that this Bill do now pass. 5.50 p.m.

Mr. D. J. H. THOMPSON: Mr. Speaker, just two comments. The first is that I reiterate my previous position in these matters that I am still of the view that the Government needs to bring the legislation in Parliament to require the private companies owned by the Government of Barbados to file their audited financials, similar to those requirements which apply to statutory corporations.

The second thing I would say is that I would be very reluctant to invest anything in Hotels and Resorts Limited, even if it was the most profitable enterprise in Barbados. I believe they could reverse that trend almost overnight. It is a considerable embarrassment to this country that after ploughing \$130 million or more, and guaranteeing overdrafts, and all of the other facilities that have been laid out for GEMS, and no doubt underwriting the travel of its senior executives to the Miami Conference, for what reason nobody knows, one has to wonder how the Government could even consider vesting more property in this institution.

There was a point at which, as I understood it, the Government took a decision that the GEMS would not be allowed to carry out any further capital works and, therefore, a halt was supposed to be put on any further capital expenditure until the company settles down. The Chief Executive said within 18 months of 1999 that the GEMS would be making a profit of just under \$1 million. Now, they tell us that the losses have become even more significant and probably at three times what they were in the previous year.

Sir, what we are dealing with is a company that is going to be run into the ground. It has not been able to make, as I understand it, any progress in getting a private sector partner to come in and purchase some of the shares and that is not surprising. Sir, I think it is regrettable that the Government would even contemplate taking up any more property and putting it into the hands of Hotels and Resorts Limited, based on its track record so far, and based on what clearly is going to be a major Bill to the taxpayers of Barbados.

Sir, beyond the \$130 million and all the loans this Parliament has guaranteed, the Public Enterprise Investment Fund took \$15 million and put it in a frozen account to guarantee a further operating overdraft for the GEMS of Barbados project. They tell us that each of the rooms refurbished in the new facility cost just under half million dollars and it is no way that they could recover the capital that has been extended.

All of this was done, right under the nose of the Government, despite continual pleas by the Opposition – and you are free to ignore us – but also, by respected persons in the hotel and tourism sector in Barbados; even by members of the Barbados Labour Party, although not on the record, who have expressed concerns about the way this company is being managed.

As I say, if you open the Business Authority, you will see the Chief Executive and the Chairman of the company at the Miami Conference. What could they be promoting there? The company has just indicated that it has lost millions of dollars for a third or fourth consecutive year and, therefore, the taxpayers of Barbados need answers.

I know there is nobody in here right now who can provide those answers and this is regrettable. That is a very 'closed brethren' operation and it is almost a small cabal, sectioned off or cordoned off from the rest of the Barbados Labour Party Government. It is a very small group and who knows what goes on in the Gems of Barbados project and they hold that information very close to their chests.

In fact, I know there are things that happen there that the members of the Board of Directors do not know about and people are functioning at the top levels of the

organisation with impunity. As I say, now this Parliament is being asked to give them prime land in the area of Dover, at a time when we were told that all future capital works projects undertaken by Hotels and Resorts Limited will be put on hold.

Sir, why are we bothering to vest this land in the company if it is not being permitted to carry out any further capital development. The Minister of Tourism perhaps could better identify how that land could be used by the Barbados Tourism Investment Incorporated (BTII) or by some other tourism entity but I am extremely reluctant to support a Resolution, as I said, that is going to put more land for capital development purposes into the hands of the Gems project.

Hon. N. A. LYNCH: Mr. Speaker, the Resolution before us pertaining to the vesting of land in the Hotels and Resorts Limited as Government equity, is a decision that is to rescind the decision taken on October 9, 1997, which agreed that this property at Dover should be vested in the GEMS Hotels and Resorts Limited as Government equity.

Mr. Speaker, as I understand it, and I do not know where the Honourable Member for St. John gets his information, I am not aware of people travelling anywhere to any conference under the banner of the GEMS of Barbados. I therefore would not be getting into that debate.

What I think is important, Sir, in this particular debate is that the GEMS of Barbados, even though some people have queried many issues relating to its financing and operations, I think we can all agree that one of the issues that has always plagued Barbados' tourism from the start, was that we created literally two tourism products in our very small country, one on the south coast, which is a budget type sector and the other is a very up market sector, on the west coast.

Sir, what the GEMS of Barbados has been able to do – and I do not think it is unlike any new investment in the tourism sector – is that in the initial stages they had many losses. One of the things that I will agree to is that the project itself has actually raised the standard of accommodation in the tourism sector on the south coast of Barbados.

6.00 p.m.

I believe that this will ultimately redound to the overall benefit of the industry. As the Honourable Member for St. John has said, the statements and the annual reports that have been laid in here, I think they were up to 1999, do show some measure of losses in the project. Sir, this is not unlike other new ventures in the tourism sector. In terms of the strategic plan and in terms of breaking even, I do not think they are outside the parameters that were set in terms of time for actually breaking even in this endeavour.

What I will say is that one of the issues that has always plagued the south coast is that accommodation has never been considered to be at the same level as with hotels on the west coast and, because of that distribution channel, tour operators have not been able to get the types of rates that they really deserve.

What the GEMS has been able to do, and anybody who has actually looked to these properties, Savannah Hotel, Blue Horizon and Time Out in the Gap will agree, is that they have raised that standard and have actually narrowed that gap between the west coast and the south coast.

This land which is actually on the beach side in terms of the Dover Convention Centre will add to the portfolio of the GEMS Project because actually running a hotel in that area is going to link with Time Out in the Gap which is actually on the landside and not on the beach side.

Anyone who knows about the sector and understands tourism development will tell you that beach front property is obviously at a premium. Therefore, if we are already in bed with the GEMS project, it is to our credit that we continue to seek to see this portfolio grow and to see the GEMS project growing in order to get themselves out of the type of economic difficulties that they may have found themselves in. I think it is incumbent upon us to allow them to have land like this so as to be able to advance the GEMS of Barbados project. Sir, I think this is simply a matter of just changing the name but this land has already been talked about in the GEMS portfolio.

Mr. D. J. H. THOMPSON: On a point of order. Mr. Speaker, the Honourable Member is misleading the House. If he is not, it means that the Prime Minister has been misleading the House. A statement was made in here that a moratorium, or a complete stoppage, has been put on any further capital development by Hotels and Resorts Limited. Therefore, for the Honourable Member to say that it is desirable to give land to Hotels and Resorts Limited for further capital development will be highly misleading. So the Honourable Member must tell this House whether that moratorium has been lifted or whether the GEMS is now being allowed to carry out further construction or capital development. That is all we need to know. If that is, he should say so.

Hon. N. A. LYNCH: Mr. Speaker, I never spoke of any capital development or any development of any land. What I spoke about is having the land within the portfolio for the GEMS. Whether they lifted the moratorium or if there is one and they decide to build on it is another thing. The timing of it is not what I am speaking about. I am speaking about the vesting of the land in the GEMS Project and that is the matter that is before us. I do not know

anything about building anything on it. As far as I am concerned when that is decided upon, the GEMS can deal with that. The issue before us is to vest this land in the GEMS Project and I think it is the right step at this time for these portfolios, particularly for a company that has run into some difficulty. When they are ready to develop it, they will and I think that is the most important point, Sir.

Therefore, with those words, Sir, I commend this Resolution to the House.

Hon. Sir HAROLD St. JOHN: It is well-known that I have repeatedly said in here when these matters come up that I have been a director of Hotels and Resorts Limited since 1999. I was not a director in 1995, 1996 or 1997.

My understanding of the position with respect to this land is that when the company was originally set up this land was to be vested in Hotels and Resorts Limited. At that time, I believe it was in 1997, there was some confusion as to what the name of the company would be, whether it was to be GEMS of Barbados or Hotels and Resorts or whether it was to be just plain Hotels and Resorts Limited. Subsequent to that decision, as the Resolution said, the essence of the decision was that the Government would make contributions to the equity of the company and this was part of the Government's contribution. Unfortunately, between 1997 and now that aspect of it has not been carried out, which has resulted in the auditors and others requesting that the matter be regularised and, therefore, this Resolution is very necessary.

With regard to the actual land, there is, in fact, a building on the land which is part of the whole Convention Centre – which was the restaurant, offices and so on – which is used by the company for part of their administration, in particular the administration of the building and the maintenance unit, used by the engineers who are responsible for it. So that particular piece of land is, in fact, occupied by a building which is being used.

The second point is that there was another complication. Between 1997 and now, the St. Lawrence Redevelopment Scheme as well as the Sewerage Scheme came into existence and both of those schemes required and had a claim on some of this land. There is a drainage scheme which relates to 1st, 2nd and 3rd Avenues Dover and that drainage scheme, I am told, will eventually traverse part of this land so that the water that now settles on the land side of the St. Lawrence Gap will be able to go into the sea through a conveniently connected drainage system along part of this land.

The third point is that long before the Dover Convention Centre was rebuilt, the National Conservation Commission, successor now to the Parks and Beaches Commission, required a small area of this land, which is a well-recognised area and one of the best windows to the sea

in Barbados at Dover Beach, to be joined to the existing Dover so as to have a parallel outlet for vendors. If one goes to the centre now right opposite the playing field, one will see that there is an open area there which everybody from all over the island comes to use as a vendor's outlet. On the town side, there always used to be, from Miss Bannochie's time, a vendor's outlet on the eastern side. At that time, the question, therefore, was how to get the land when it was occupied by the restaurant as well as the room which houses the general area at the Dover Convention Centre. All of that has been removed now so that as I understand it, part of the test may go back a bit to satisfy the requirements of the St. Lawrence Redevelopment Scheme. Definitely there is an integral part with the drainage.

Now, as far as the sewerage scheme is concerned, if one passes that road – it has now been reopened – one will see that the area is the subject of micro tunnelling. To the eastern end of Time Out there is a big shaft going in and that shaft takes one right up to Luigi's Restaurant. There is a series of cans going right up to Luigi's Restaurant so that a considerable amount of work is going on in there and little use can be made of this land until all of these matters are settled because we must have a sewerage system in St. Lawrence Gap.
6.10 p.m.

The cost of providing for trucks every day in that area is horrendous. That is one of the motivations for the scheme for the St. Lawrence Gap. Sir, as I understand it, this was agreed to long ago in 1997. The auditors are demanding that the property be vested because it is part of the equity of Government and the legal mechanisms have not been completed. The future development of it will have to await the finalisation of the matter relating to sewerage and the matter relating to the BTII scheme for the improvement of the St. Lawrence Gap and the public window which can only be expanded. It cannot be changed. It is heavily utilised for water sports and for recreation both by Barbadians and others.

I am very proud of that, Sir, because I was one of those who defied the hoteliers to put groynes in that area in 1981 which has resulted in a magnificent beach all along there. There are some Honourable Members in this House who take their exercise there every morning and they have been doing that for many years because of the width of the beach.

I thought I should intervene to clarify some of those points.

Hon. G. A. CLARKE: Mr. Speaker, I beg to move that this Resolution do now pass.

Hon. A. P. WOOD: I beg to second that.

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

Mr. SPEAKER: With the permission of the House, we will now recommit to Government Notices.

GOVERNMENT NOTICES

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to give notice of a Resolution to grant the sum of \$5 000 180 from the Consolidated Fund and place it at the disposal of the Government to supplement the Estimates 2001-02 as shown in Supplementary Estimates No. 9, 2001-02 which form the Schedule to the Resolution.

ORDER NO. 12 – SECOND READING OF THE LAND TAX (AMENDMENT) BILL, 2001

Hon. Miss M. A. MOTTLEY: Mr. Speaker, the amendment which is before this Honourable Chamber seeks to give effect to an announcement which would have been made in the Annual Budgetary Statement of the Minister of Finance, the Right Honourable Prime Minister. In that statement the Minister of Finance indicated on August 8 this year that villas, which are an important part of our tourism product, needed to be treated differently in relation to land tax and in circumstances where the Government was of the opinion that persons had villas that were being used for the purpose of rental to the tourism market and that they could show so for a period of nine months or more. Where there was a clear rental agreement with a real estate company or some other form of management company, those villas would receive a rebate on the level of taxes payable by villas equal to half of that applied to hotels, that is, 25 per cent of the tax payable.

The amendment which is before the House seeks to amend section 6 of the Land Tax Act and clearly specifies that the proprietor of a villa shall pay tax at a rate specified under subsection (1) and the actual amount payable shall be calculated on 75 per cent of the improved value of the land. It specifies conditions as to what constitutes a villa, namely, that the house has at least three bedrooms and is valued at not less than \$525 000 and is managed by a company or a real estate agent and employs no less than three persons; that it is registered with the Barbados Tourism Authority and that it is available for the accommodation of guests for reward for at least nine months in every year.

This is in recognition of the fact that part of the Barbados hospitality product is, apart from guest houses and hotels, the villa, which is indeed utilised by persons coming at the higher end of the market and which, as a result of the nature of the services employed, also accounts for a significant amount of the employment within the tourism

market. Most of these properties are found, I believe, on the West Coast. It was felt, in the context of the adjustments that had been made to the Land Tax Act recently, that this category of tourism product should benefit from some level of incentive, given the fact that it was contributing both to the foreign exchange earned by the country as well as to the employment within the tourism sector.

With those few words, I am seeking to place this in context and I would wish to move that this Bill be read a second time.

Hon. N. A. LYNCH: Mr. Speaker, the issue before us is one that recognises the importance of villas to the accommodation sector in Barbados, particularly to the hospitality sector. Obviously, the accommodation sector is where most of the substantial investment is in the tourism sector but hotels are often those that are mostly spoken about when we are recognizing or making any concessions to the tourism industry.

Sir, as I said, this is where most of the investment in the tourism sector is, and, in most jurisdictions, the one for any level of concessions or benefits because it is seen as a base for all the other ancillary activity within the tourism sector and centres around tourists having a place to stay, a bed and a roof over their heads. Barbados is a destination which is considered in the tourism makeup, and by our suppliers and customers and potential customers, to be more up-market in terms of the composition and its makeup than many other countries around us. The west coast of Barbados particularly is seen as the more up-market coast. As I said earlier, what is happening in Barbados is that two tourism products have literally grown up in a very small destination with the west coast being much more affluent and the south coast being more budget.

This amendment to the Land Tax Act actually recognises that villas play a very important part as well in terms of attracting visitors to the island and in terms of part of the marketing and accommodation mix that brings that level of tourist to Barbados. As the only destination outside of Europe or North America where the Concorde flies, it speaks easily to where Barbados is placed in terms of its positioning in the tourism sector. Barbados is known all over the world to have that middle to up-market appeal.

Sir, there are some that have argued, and only recently I heard arguments relating to, whether or not Barbados should be pitched at that end. The reality is that it has been stated in the Green Paper which was tabled here in Parliament, and which was a collaboration between many stakeholders in the sector and the general public, that Barbados needs to be recognised as more mid- to up-market

because that is where we will differentiate ourselves from the rest of the people around us in the Caribbean and maybe even some further afield.

Barbados having more small hotels or more levels of small accommodation, even including villas, than larger or bigger accommodation is not an issue.
6.20 p.m.

Sir, villas play a fundamental and important role in terms of positioning Barbados and keeping that image to differentiate it from the rest of the Caribbean. Therefore, Government has recognised that the value of the villa market to the overall makeup is of fundamental importance and has offered this concession in terms of the land tax. The rebate is 25 per cent and describes exactly what a villa should be. A villa should be at least three bedrooms, \$525 000 in value, managed by an established realty company, employ at least three people, be registered by the Barbados Tourism Authority and should be put in the accommodation rental pool for at least nine months of the year.

Sir, it has been set up in that way and speaks to the positioning of Barbados so one cannot build any house and put it in the rental pool. It must meet certain specifications, particularly that of value and, Sir, I think that is an important issue.

Sir, in terms of people who come from both sides of the Atlantic, a large percentage of them go to the middle to upper market. Some former Ministers of Tourism do not recognise the concept of positioning the market because they would not be able to spell marketing if they got close to it. The issue of positioning Barbados at the top does not mean that those at the bottom will not benefit. Sir, I will give an example which relates to how the villa market helps the positioning of Barbados. Some time ago the Concorde was coming to Barbados. British Airways was flying more first class seats to Barbados than to any other destination in the Caribbean and we were also negotiating at the time with Airtours, which is a charter company. Some people felt at the time that if a man came into Barbados on the Concorde or first class on British Airways, came into the arrival hall at Grantley Adams while his gardener got off the Airtours charter at the same time, that it would stop the man who came on the Concorde from coming back to Barbados. People were therefore sceptical about the mixing of the two types of people at both ends.

However, both ends continued to grow. Sir, you can sell Barbados upwards, from the middle to upper end, and it creates the aspirational appeal for people at the bottom.

Sir, I want to make this clear because some statements were made in another place and people do not really understand the concept. The concept has to do with

positioning the market and if you position Barbados at the top or middle to upper end, it does not mean that the people at the bottom are going to be left out. The people at the bottom will seek to come up with the people at the top.

This amendment helps to create a mechanism by which those villas that contribute significantly to the positioning of marketing for Barbados will be given an advantage. This will go a long way towards making the difference between where Barbados is now presently in the tourism sector and where we need to move to, particularly in what is predicted to be a diminished market in the future for tourism, particularly after September 11th and the apprehension about flying.

This amendment should go a long way in moving Barbados into the realm of where we want to be and to differentiate ourselves from our neighbours.

Sir, with those words I support the amendment.

Hon. Sir HAROLD St. JOHN: Sir, I am forced to join in the debate because of statements that have been made. I would like to say that it was with a great deal of pleasure that I recently opened the weekend edition of the *Financial Times of London* and in the property section was an advertisement called "Elegant Villas of Barbados". The boast by the advertiser was that they had a rental pool of 400 villas all over Barbados and rents started from as low as \$3 000 a week and went as high as \$250 000. It was projected as being synonymous with the image that Barbados had in the marketplace.

There can be no doubt about it that, while there has been a reduction in the room stock in Barbados as far as hotels and guest houses are concerned, there has been a phenomenal rise in accommodation catering to visitors who stay in villas.

This debate we are having today as to where Barbados should pitch its marketing is not a new debate. This debate has been going on since 1960, since Sandy Lane was built. The greatest pitch the debate ever had was at the time when Sunset Crest was being developed. Honourable Members may not be old enough to remember but there was a battle between the west coast Sandy Lane owners and the concept of having Sunset Crest on the west coast. This type of debate takes place in many countries in the world but there is unquestionably a demand for villas because people who have young children are not wanted at some hotels because older people in the hotel do not like children. There is nothing better for an Englishman than to be able to come to Barbados or go to another country and have what he regards as a country-house holiday in which he and his friends share high-rental accommodation with plenty of grounds with provision being made for frequent barbeques and so forth.

Sir, I am also pleased to say that a tour of my own constituency will demonstrate that people of Oistins, Enterprise, Silver Sands, St. Lawrence and Dover are also in the market. There are at least, to my counting, 200 apartments in those areas.
6.30 p.m.

What we are talking about is an area of accommodation which was not well known. I have seen some remarkable statements from high officials of the representative association in which people are saying that people are coming here and the hotels or rental car companies do not record them. Therefore, something is wrong with the system. I think that they should have a look at the totality of the accommodation. What they should be doing is trying to induce some of these owners into the association by having a special category for them.

Sir, the position is that they exist, people come to them and they will forever be part of the tourism accommodation that we have.

I tell people that if you go to London and you do not want to stay in a hotel, you can look through a large number of publications which would guide you to apartments and housing across the United Kingdom which are a recognised part of the accommodation. All we are doing here in Barbados is trying to fashion in a reasonable number of incentives for these people. I am glad that conditions have been imposed on it. In order to be eligible to benefit, they have to have the accommodation available for rent so that it is truly part of the tourism industry.

Hon. N. A. LYNCH: I beg to move that this Bill be read a second time.

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

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

On the motion of Hon. A. P. WOOD, seconded by the Hon. G. A. CLARKE the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This Honourable House is now in Committee.

Clauses 1 to 2 were called and passed.

On the motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. G. A. CLARKE, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and

reported accordingly.

On the separate MOTION of Hon. Miss M. A. MOTTLEY, seconded by Hon. G. A. CLARKE that this Bill be read a third time.

On the separate MOTION of Hon. Miss M. A. MOTTLEY, seconded by Hon. G. A. CLARKE, the Bill was read a third time and passed and cited as the Land Tax (Amendment) Act, 2001.

ORDER NO 17 – RESOLUTION FOR THE SUM OF \$3 641 470 TO BE GRANTED FROM THE CONSOLIDATED FUND AND BE PLACED AT THE DISPOSAL OF THE GOVERNMENT TO SUPPLEMENT THE ESTIMATES 2001 – 2002 AS SHOWN IN THE SUPPLEMENTARY ESTIMATES NO. 9, 2001 – 2002

On the MOTION of the Hon. A. P. WOOD, seconded by Hon. G. A. CLARKE, the House resolved itself into Committee of Supply, Mr. D. Carter in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: This House is now in Committee of Supply.

Head 25 – MINISTRY OF AGRICULTURE
– \$3 545 710

Hon. A. P. WOOD: Mr. Chairman, before I go into the details of the reasons for such a request at this stage, I would like to bring to the attention of my Honourable colleagues that some amendments had to be made to our request. Those of you who had a copy of the document before this, please feel free to make the necessary changes.

Mr. Chairman, we need to move in an amount under Subprogramme 070, General Management and Coordination Services...

Asides.

Hon. A. P. WOOD: Under Object No. 1EX03 – National Insurance Contribution; Object No 3EX17 – Subscription and contribution, add \$666 100 and under Supplementary Provision add \$40 000.

Secondly under Subprogramme 161 – Special Development Projects at Object No. 6EX23 – Structures, delete \$2 601 and insert \$1 102 301.

Sir, those changes will bring the total requested by the Ministry of Agriculture and Rural Development to \$3 545 710.
6.40 p.m.

Mr. Chairman, this amount requested by the Ministry of Agriculture and Rural Development will allow us to adequately complete our programme planned for the rest of the year. Mr. Chairman, I will pay attention to the major items. The first one will be that insertion under Subscription and Contribution.

Sir, this \$140 000 is a contribution which will go to Caribbean Agricultural Research and Development Institute (CARDI). Everyone knows that, over the years, Barbados has been playing a leading role in CARDI and, notwithstanding the position that CARDI finds itself in at this time, Mr. Chairman, Barbados still has a commitment to provide its financial contribution to keep the institution going until a final decision, in respect of the future of the organization, is made. Sir, this \$140 000 being requested is to look after the operation in Barbados over the next three months and will certainly ensure that the Barbadian staff members get their salaries and wages for the next three months.

Sir, the other major item appears under Subprogramme 161: Special Development Projects. Mr. Chairman, the Capital Programme at the Ministry of Agriculture and Rural Development has expanded tremendously in the last few years and the money being requested here, the sum of \$1 102 301 is made up of the following:

\$976 142 for the payment of contractors who are looking after the rehabilitation work on the Cheapside Project. The schedule of payment, determined very closely in discussion between the Chinese Government and the Ministry of Agriculture officials, will require us to pay 90 per cent of the price of the contract and, in our case, 90 per cent of the local component which we are providing so that by 31st March, 2002, the local component for the payment in accordance with the schedule should be \$2 389 352, of which provision for \$1 413 210 was made in the Estimates originally. Therefore, we are asking for the additional \$976 142 to make up the local component of the fund required for the project up to March 31, 2002.

Sir, we are also requesting an amount which will allow us to complete our project at Paynes Bay, which will bring a smile to the face of the Honourable Minister for St. James South. Sir, this \$106 159 that is being requested will allow us to complete that project and it is our intention to have it completed before the end of the financial year. Also, we are nearing completion on a project at Tent Bay, St. John. Some remedial work has to be done and, therefore, we are requesting the small amount of \$20 000 to allow that remedial work to be undertaken.

Mr. Chairman, another major item, Programme 160: Measures to Stimulate Increased Crop Production. Here we are requesting \$97 500. Why are we doing such? During the course of the current financial year, Mr. Chairman, in effect, we began a rationalisation of the work to certain sections of the Ministry. In one aspect of that rationalisation which was more or less occasioned by a decision taken to terminate the crop's activity at the Codrington Agricultural Station because of the threat to the water quality in that area, the decision was taken to have that land handed over to the Ministry of the Environment with a view to getting them to prepare a Botanical Garden there. Sir, what happened at the beginning of the financial year was that no money was put into the Estimates to carry out the activities at the Codrington Agricultural Station because of that prior decision to have that land turned over to the Ministry of the Environment. However, the administrative work to give full effect to that decision was not completed in a timely manner and the Ministry of Agriculture continued with the responsibility of looking after those workers there. Sir, therefore, we are requesting these funds to repay the Cabinet Office which graciously consented to provide those funds to pay those persons. We did not have any money in the Estimates at the beginning of the year and so a substantial portion of that \$97 500 is to look after the reimbursement of the Cabinet Office.

Another major item, Mr. Chairman, relates to the Marketing Facilities – Non-Food Crop Research Development and Extension: Subprogramme 164, Object No. 1EX02 – Other Personal Emoluments through to Object No. 6EX10 – Supplies and Materials and, Sir, I think I have a duty to this House to explain the request. In respect of the Other Personal Emoluments, Honourable Members will remember a few weeks ago we had the pleasure of officially opening the market facilities at Consett Bay and Skeete's Bay. The Honourable Member for St. John participated in those ceremonies along with the Honourable Member for St. Philip South and certainly the fisherfolk from the Eastern part of the island and we are quite happy that they are able to do that.
6.50 p.m.

The amount of \$111 186 is being requested for the payment for additional work by the Ministry in order to supervise and generally maintain those new market facilities.

In respect of the utilities, \$641 176 is made up of two components. One relates to the anticipated usage cost of those same facilities over the next three and a half months and \$282 108 which we requested for utilities, some of which, as I said, will cover the charges at those markets.

Sir, with the liability which was on the books for many years now, reflecting that the Ministry is indebted to the

Barbados Water Authority and the Honourable Member for St. Michael West Central will be happy to know it is the intention of the Ministry of Agriculture and Rural Development, with the approval of this Honourable House, to hand over \$360 068 to the Barbados Water Authority to liquidate our debt.

There is also a request under 'other operating expenses' for \$887 742. Mr. Chairman, the bulk of this will be for the payment of services rendered to the Ministry of Agriculture during the financial year 1997 to 1998. The items are listed here: The transportation of ice, removal of rubble, clearing and pumping of wells, repairing security grills, remedial work undertaken at Tent Bay and other smaller markets. The total there is \$704 542. These matters have been hanging around for some time and it is the intention of the Ministry to bring these outstanding matters to closure.

The remaining amount of \$182 000 is to liquidate expenses incurred during the current financial year. Once again, these expenses are attributed to the transportation of ice and the cleaning of the tank at Bridgetown.

Mr. Chairman, those are the major items in our request and I sincerely hope that we can get the approval of this Chamber so that the Ministry of Agriculture and Rural Development's programme could be carried forward smoothly for the remainder of the financial year.

Miss H. E. THOMPSON: Mr. Chairman, I am extremely pleased just to be able to make a few remarks on the Supplementary provision which is before the Chamber for consideration. There are two issues which directly impact on me, one at the parochial level in St. James South and other at the level of my ministerial portfolio.

I will speak first of course to the issues relative to St. James South where I am not only a resident but which I still represent. For some considerable time, the fish market at Paynes Bay has been derelict. Although residents of the area and fishermen continue to use it for lack of other options, the truth is it really was not fit for human habitation.

The conditions were unsanitary and it was most displeasing. The ceiling had collapsed, the lights were not working and there were no adequate sinks and facilities. The bathroom facilities were frequently closed and inaccessible to fishermen when they were hauling up boats and bringing in catches. There was little or no access and everything that one could imagine that could possibly go wrong with that facility went wrong and that is despite high usage.

In fact, it became so bad that about ten years ago it was still very much an active sight for people vending fish and so on in the afternoons when the boats came in, particularly pot fish, Sir, but in more recent times, even all of that had stopped. The area is still very actively used for people who

want to bring their jet skis onto the land and for people with other small craft.

This administration set about on a deliberate policy to revitalise that area. It has had several components. Prior to 1999 when I held the portfolio of Health and Environment, the Coastal Zone Management Unit did considerable work where the road was under threat of collapse, where there had been considerable erosion from high energy wave action during bad weather. The NCC landscaped the area, greened it beautifully and put down benches and trees. In fact, I am pleased to say that component of it is very frequently used by people for recreation and relaxation.

In the evening you can see residents from Paynes Bay and surrounding areas sitting on the benches, lovers chatting, friends going out and talking, tourists and people from the area having picnics and sitting there to have their lunch and so on. This is also convenient, Sir, because the Paynes Bay Methodist Church is directly opposite the area and forms an adequate parking space for those who want to stop there.

Indeed, that whole area, is one of the few remaining large vistas and open windows to the sea on the West Coast. There is, and I am pleased to say, another one in my constituency and that is the one immediately north of Cyrus' shop. It is a very small area and I will hope, Sir, that over time this administration too would acquire and landscape and beautify and allow the patrons from Cyrus' shop to spill out over onto that area. I hope also that other people from the Fitts Village area will come and enjoy the green scape and the window to the sea.

The spot cannot really be built on, and if the landowner were not amenable to surrendering ownership, but would allow us to still landscape it to beautify the area, we in the Ministry of the Environment would be willing, through the NCC, Sir, to do that and to let it go back to them for their full use any time that they determine that they want it for their private purposes.

Sir, part of the remedial work was done by the Coastal Zone Management Unit. The Ministry of Public Works and Transport did some work to shore up the road and the landscaping was done by the NCC. This area is now the beneficiary of the memorial paying tribute to the lives of those who died in the Cubana Air crash. This is an historic event in our island and in the Caribbean. While the United States saw terrorism on its shores on September 11, 2001 there are some of us in Barbados who experienced it much earlier.

Persons who were students at the University of the West Indies at the time of the Cubana crash had a perfect

be developed and we will be able to have it open and available to the public for use. We anticipate that persons who will want additional parking at the Stadium will be able to get it there. It will contain souvenir shops and shops where plants and so on may be purchased. It will have restaurants and related facilities where one will be able to buy a book about the plant species found there.

We are hoping to have a camp site at the location. We are working with the Kiwanis South who have offered a safety park facility for children. I am not classifying that correctly, I do not remember the expression used to describe the facility. It is, in fact, a term of art but essentially it will be a place where children can come and play and be taught safe techniques for riding bicycles, roller blading and the various activities which children do but in which they can be injured. They will be taught safe mechanisms for playing and generally have a children's play park at the facility...

Mr. CHAIRMAN: I will ask the Honourable Member to wind up now. You have one minute.

Hon. Miss H. E. THOMPSON: There will be a number of facilities encompassed in the gardens. I would not wish to let the concept go abroad that when you come to this facility all you will be doing is viewing plants. It is going to be a multi-purpose recreational facility which will include a national botanical garden. We are already getting requests and invitations from other Caribbean islands who have special and endangered plant species to put some of their rare plant species in our national botanical garden, so an area of the garden is going to be dedicated completely to Caribbean plants.

I do not have time, Sir, to speak in its entirety at this time to the concept. Suffice it to say that early in the new year we will be coming before this Parliament to do our Estimates at which time, when funding is provided for the garden, I can speak about it in greater detail. I am indebted to the Honourable Member for St. Philip South and it is a most happy debt. I thank him on behalf of my constituents and I certainly look forward to continuing the work for the national botanical garden and having him join me in November when we open it.

I am much obliged to you, Mr. Chairman.

Hon. A. P. WOOD: Mr. Chairman, I beg that Head 25 as amended stand part.

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

The question that Head 25 as amended stand part was put and resolved in the affirmative without division.

HEAD 30

Hon. Miss M. A. MOTTLEY: Mr. Chairman, the sum

of money being requested under this Head is simply to deal with allowances due to traffic wardens. At the time when the Estimates were prepared, provision was only made to pay 23 traffic wardens when provision should have been made to pay 36. Therefore, accordingly approximately \$83 000 is for the purpose of the payment of wages and some \$13 000 is for the purpose of the payment of National Insurance Contributions on the part of these traffic wardens. I am sure that all Honourable Members will agree that this is a fair and just request of this Chamber as we meet exactly one week before Christmas day.

I beg to move that this Head do now stand part.

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

The question that Head 30 stand part was put and resolved in the affirmative without division.
7.10 p.m.

Head 25 was called.

Hon. A. P. WOOD: Mr. Chairman, I beg that the amendments to the Explanatory Note to Head 25 stand part.

The question that Head 25 as amended stand part was put and resolved in the affirmative without division.

On the motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. G. A. CLARKE, Mr. Chairman reported to His Honour the SPEAKER, the passing of one Money Resolution in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. Miss M. A. MOTTLEY, seconded by Hon. G. A. CLARKE, the Resolution was read a first and second time and passed.

ADJOURNMENT

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this brings us to the end of Government Business for the day. In addition, it brings us to an end of our period of Sittings for 2001. We would have started back on October 23rd and in fact we have met every single Tuesday since that day without any break in between at all. I cannot remember us doing that within recent times.

I want therefore to use this opportunity to thank all the members of this Chamber, to thank the officers of the Chamber, in particular yourself, Sir, the Clerk and Deputy Clerks, those who are responsible for recording what we say and transcribing what we say, those who are responsible for ensuring the safety of the precinct, namely the police force, and those who are responsible for ensuring that we are fed

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KELLMAN, Mr. D. St. E. (St. Lucy)
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