
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, February 13, 2001

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, February 13, 2001.

PRESENT

His Honour J. M. EDGHILL, J.P., (Deputy Speaker)
Hon. D. A. C. SIMMONS, Q.C., B.C.H., LL.M.
(Attorney General and Minister of Home Affairs) (Leader of the House)

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

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, B.C.H., (Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade)

Mr. G. W. PAYNE, LL.B.

Hon. R. C. EASTMOND, J.P., B.A. (Hons.),
Dip. Ed., LL.B. (Hons.), L.E.C. (Minister of the Environment, Energy and Natural Resources)

Mr. D. CARTER (Chairman of Committees)

Hon. R. N. GREENIDGE, B.A., LL.B., (Minister of Labour, Sports and Public Sector Reform)

Hon. R. D. MARSHALL (Minister of Public Works and Transport)

Mr. H. F. LASHLEY, (Minister of Social Transformation)

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

Mr. D. St. E. KELLMAN

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

Mr. M. Z. WILLIAMS

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

Mr. D. T. GILL, B.Sc.

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

Hon. A. P. WOOD, (Minister of Agriculture and Rural Development)

Hon. R. R. FARLEY, (Minister of Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. DEPUTY SPEAKER: The House is now in session.

MINUTES

Mr. DEPUTY SPEAKER: The Minutes of Tuesday, February 6, 2001.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, February 6, 2001, which Minutes have been circulated, be taken as read.

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

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

PAPERS

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on behalf of the Minister of Finance and Economic Affairs and as Minister of Home Affairs, I am commanded to lay:

1. The Duties, Taxes and Other Payments (Exemption) (Barbados Shipping and Trading Company) Order, 2001.
2. The Annual Report of the Caribbean Broadcasting Corporation for the year 1997.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, I am commanded to lay the Annual Report of the Barbados National Oil Company Limited for the year 1999.

GOVERNMENT NOTICES

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I give notice of the Securities Bill, 2001.

FIRST READING OF BILLS

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the Securities Bill, 2001 be read a first time.

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

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

ORAL REPLY TO QUESTIONS

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I give notice that Reply to Parliamentary Question No. 32 asked by the Honourable Member for St. John is ready.

SUSPENSION OF STANDING ORDERS

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

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

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

ORDER NO. 4 – RESOLUTION TO TAKE NOTE OF THE GREEN PAPER ON TELECOMMUNICATIONS SECTOR POLICY

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, you will have had correspondence from me requesting your permission for the debate on this Item No. 4 to be broadcast and telecast and the Leader of the Opposition has agreed to the telecast and we would wish to proceed with that debate now, Sir. The matter will be dealt with by the Honourable Minister responsible for International Business.

Hon. R. R. FARLEY: Mr. Deputy Speaker, I rise to lead off the contribution to this debate on the Government's Green Paper on Telecommunications Sector Policy and, more specifically, to speak to the Resolution which has been prepared in order for Parliament to take note formally of the Green Paper but, especially, to provide parliamentarians with an opportunity to participate fully in a very important subject which is fundamental to the future development of Barbados and which really represents the key underpinning of the direction in which this Government is taking Barbados through the emergence of the new economy.

The Resolution is very simple. It reads:

“WHEREAS the Government has a vision of Barbados as the centre of excellence for information technology and telecommunications in the Caribbean;

AND WHEREAS the realisation of this vision will allow Barbados to remain competitive and be a major player in the international market, especially in the area of international business and financial services;

AND WHEREAS the Government will promote the continued development of leading edge, broad band width, high speed, low cost, digital telecommunications in a liberalised and competitive environment to facilitate the growth of the electronic commerce;

AND WHEREAS the Ministry of Industry and International Business has developed a Green Paper to address the provision of telecommunication services in a liberalised and competitive environment;

BE IT RESOLVED THAT PARLIAMENT take note of the Green Paper on Telecommunications Sector Policy.”

We are here today, Sir, at this stage in this matter because it has been the vision of this Barbados Labour Party administration to ensure that we lay out the proper foundation and a proper framework for telecommunication services in the twenty-first century. Members will recall that this Barbados Labour Party Manifesto has been the guiding document which has informed many of the initiatives which we have taken as an administration, and I should note that we have been steadily moving through the document and ensuring that the promises which we have made to the people have been faithfully and truly implemented.

In the 1999 Manifesto we indicated, and I quote,:

“Renegotiate the existing contract with the telecommunications services provider to secure competitive rates and adequate capacity so as to facilitate the rapid expansion of the informatics sector.”

That is what this is all about.

We have taken this format of a Green Paper, Mr. Deputy Speaker, in order to have the document presented as one for consultation and for Parliament, as is properly the case, to have the first opportunity to be part of that consultative process and to express its views on telecommunications sector management.

It is our plan, hope and expectation that the provision of this Green Paper on Telecommunications Sector Policy will receive wide circulation, that it will engender the widest possible public comment and that we will be able to benefit from the views expressed by the public.

In order to facilitate that, Mr. Deputy Speaker, the document has been printed by the Government Printery and is available through the Ministry of Industry and International Business but, more particularly, and indeed as is more appropriate, given the subject matter on which we are focussed, the document is available in digital form through the website of the Government Information Service at www.bgis.gov.bb as is appropriate for a telecommunications Green Paper. For those who like the printed document, those are available as well.

I want to say on this matter, Sir, that even before its publication, this document has generated widespread discussion.
11.35 a.m.

I am pleased to note that it has indicated the emergence of a new trend and a maturing and modern variation of our democratic processes. I was extremely pleased to have received hundreds of e-mails not only from persons in Barbados, but from persons resident in the United Kingdom and the United States, on the east coast in New York and Boston, and on the west coast in California and beyond. I have also received e-mails from Japan and from Barbadians residing all over the world because a vigorous campaigner on telecommunications matters, who we all know, Sir, had used the internet and modern telecommunications options available to articulate his cause concerning his view on how telecommunications services in Barbados should be metred.

Sir, it says to me that we have a democracy which has been strengthened, that we have a new opportunity for people to make contact with their Ministers and other persons in Government because e-mail addresses of the Prime Minister and Members of Cabinets were readily available at the website of the Barbados Labour Party. This information was shared widely and Barbadians who are not resident in Barbados were able, as citizens of this country to exercise their view and perspective.

Sir, it is my anticipation that this will become the norm, that we are very much into the realm of e-Government, that you will have an e-democracy where all that persons will

need in order to express their views, even to the Prime Minister, will be the e-mail address and they will have direct access to express their views.

I am very pleased to have had the inputs and perspectives of a wide range of Barbadians spread across the entire globe and I celebrate this achievement in the strengthening and modernisation of our democratic processes.

Sir, this matter on Telecommunications Sector Reform is a fundamental part of the strategy of this Government to ensure that Barbados is able to benefit fully from the new opportunities in an increasingly technological world. Our capacity to connect to the rest of the world not only keeps us in touch with our friends and relatives overseas but also generates new forms of business, the information technology sector in our tourism sector and in the marketing of our various products and services. It is therefore, essential that we seize every possible opportunity to benefit from these modern realities. Sir, the reality, therefore, is that in a modern environment with the state of telecommunications being what they are worldwide, there is a legitimate expectation that one could be in touch both for business and personal reasons, twenty-four hours a day, seven days a week, three hundred and sixty five days a year wherever you may be in the world.

For example, investors coming to Barbados, have an expectation that they will be able to communicate with their offices daily. Tourists, coming here for pleasure, have an expectation that they will be able to communicate with their homes and offices. We, ourselves, when we are away on business, Sir, have an expectation that we will still be able to keep in touch with happenings here in this country of ours.

Sir, in order to speak fully to the proposed new policies, I believe I have a responsibility to provide Parliament with a background on the telecommunications environment as it presently exists and why we need to make the change from this environment to a new environment. As it presently stands, telecommunications services in Barbados are provided by two carriers, Cable & Wireless BARTEL and Cable & Wireless BET. Mr. Deputy Speaker, you should note that Cable & Wireless was not always the provider of both domestic and international telecommunications services. For many years the Continental Telephone Company out of Canada was the principal owner of BARTEL. Sometime in the 80s, I believe it was, there was a sale of the assets and Cable & Wireless became the majority owner. There is also public participation by way of shares traded in the Securities Exchange of Barbados in both companies.

Mr. Deputy Speaker, we have had a long history of telecommunications involvement in Barbados. In fact, the records indicate that the first offer of telephone service in

Barbados occurred only nine years after Alexander Graham Bell's participation in one of the trade shows of the day, the Philadelphia Exposition in 1875. We have had telephones in Barbados since 1884, albeit, of course, on a limited scale and certainly we have progressed tremendously since that time.

As it stands today, in addition to the international telecommunications services of BET and the domestic fixed line service of BARTEL, there is also a cellular telephone company operated by Cable & Wireless. In addition, there are five internet service providers, one of whom is Cable & Wireless. There are a number of companies offering paging services and other value-added telecommunications related services.

As Members would be aware, the basic telecommunications infrastructure consists of exchanges located around the island, connected by wires strung on poles. There are certainly greater efforts to use wireless technology in the provision of such connectivity. Over the years as well, Members would have recognised traffic diversion, congestion and the digging of tracks alongside the roads to lay underground telephone cables. This has been an important aspect of our development and not only are the cables placed underground to give greater resilience in times of hurricane, but they are of a new technology called fibre optic cables which allow for many more telephone calls and video images to be sent along the same communication network rather than under the old technology.

Notwithstanding those improvements that are mentioned, we have to acknowledge that there continues to be some level of network congestion in Barbados. All of us have, from time to time, depending on where we live, experienced congestion. Certainly where I live, Mr. Deputy Speaker, at Lower Greys in Christ Church, the exchange which serves us is one which is well known for being congested. Very often if you call the telephone company and say that there is a problem they will say it is because we are connected to the Frere Pilgrim Exchange. It is not unusual, nor is it unheard of, at night, particularly between seven o'clock and eight o'clock, to attempt to make a call and get a recording which tells you that all circuits are busy. It also happens on the international side. There are times when attempts have been made by myself and others to contact Barbados when we were overseas and we would get the same recording saying all circuits are busy which is a problem not necessarily of Cable & Wireless' own making but of other agencies with which they connect internationally.

Sir, the reality is that there is room for improvement concerning our capacity to be in continued connection with one another. Concerns have been expressed, particularly by persons who are into the provision of newer value-added services, software development and other businesses where

high volume of data needs to be transmitted, about access to what they call bandwidth. Bandwidth, basically in nontechnical language, speaks to the amount of information that you can push through a set of lines at the same time and how quickly it can be done. Bandwidth would speak to the difference between having to wait – as you would in my area on an ordinary phone line, Sir, or if you go on the internet where you would have to wait a little longer to get your message back and forth – and if I go on the internet in my office where the line speed, I suppose because I am located next door to Cable and Wireless' office where the line speeds are a lot faster and I do not sense that they are moving on a donkey cart along telephone lines since we are moving more at the speed of light along these telecommunication lines.

11.45 a.m.

Similarly, Sir, in the cellular area we have better coverage than we have had previously but there are still concerns and complaints that we all experience. Depending on where you are in the island you may or may not get the service, or if you change from one cell site to another your call may drop out for 100 yards or so until you are able to pick it up on the next cell site. There are still some challenges which we face.

There is still tremendous scope, notwithstanding the investment that we have in infrastructure, for additional investment in the infrastructure for additional players to come into the market to provide new value-added services and provide new solutions to the telecommunication challenges which we face.

I believe that all of us will have to admit, when we look at the statistics for Barbados as far as the deployment of telecommunications facilities on the ground is concerned, we are well ahead of other countries in our class. We in Barbados, up to March 2000, had some 117 798 fixed telephone lines. That is a substantial number of lines. According to the International Telecommunications Union, the percentage of households with telephones was in the region of 83 percent. There are around 80 000 households in Barbados so you will recognise that, for these 117 798 telephones, there is a substantial number of businesses with multiple lines. There are also households in Barbados with multiple lines as well.

Sir, for the cellular service which started in 1991 with only 370 customers, there were 20 309 customers up to the middle of the year 2000 and the number continues to increase. This figure represents something in the region of eight cellular customers per 100 residents of Barbados. There is still substantial scope for increased provision of cellular services. If you take the comparative figures for places like the United Kingdom and the United States of America, there are 25 cellular operators for the quarter of the population

which uses the cellular option. Five internet service providers in an economy of the size of ours is a significant achievement. There are just over 12 000 registered internet customers. Sir, given that the typical pattern is for more than one person to make use of an internet account – for example, in an office setting 100 staff may make use of two internet lines – it means that there are substantial opportunities for Barbadians to make use of the presence of the internet in our market.

Sir, as we have stated on several occasion in this Honourable Chamber and in other public pronouncements, it is our view that the system which is used to regulate the telecommunications sector in Barbados is out of step with the times. It no longer addresses the issues which are of critical importance to the ongoing development of the business sector and, because the regulation and the administration of the sector are built around a monopoly, we are not maximising opportunities available.

Further, Sir, the continued policy which was in vogue years ago of having international telephone rates set artificially high and providing a subsidy to support the provision of other services, becomes a constraint to the development of new businesses. For example, Sir, in the case of Barbados, there is something in the region of \$50 million per year which is passed on from international telephone revenue to domestic service. Sir, that was good for its time, in that it provided the opportunity for additional investment and an expansion of telephone lines available across Barbados and the like. Today, Sir, when we have the challenge of finding new jobs, when we have the challenge of maximising the opportunities for software development, e-commerce, tourism marketing and other forms of businesses which are heavily dependent on telecommunications services, that is no longer a viable option.

Some of the factors which are driving us in the direction of having to make these changes include the widespread availability of computers and other information technology; the capacity of those technologies to carry increasing volumes of data; the move towards digitalisation of the available technology and, of course, the rapid development of the internet. These are some of the factors which are driving us there.

In addition to that, Sir, Barbados is a member of the international trade community and we are members of the World Trade Organisation. One of the areas of focus of the WTO has been the provision of services, including telecommunications services. A commitment was made by all of the member countries of the World Trade Organisation to move towards the liberalisation of telecommunications services. We in Barbados therefore, in keeping with that, have pressed on with our own liberalisation. We are required

to have the principles of most favoured nation treatment, non-discrimination and the typical features which are part of the new international framework for trade in this era.

Another important factor which I must mention, Sir, is the fact that much of our traffic in terms of our international telecommunications traffic, is with the United States of America. Prior to January 1, 2000, the rate at which the telecommunications company in Barbados was paid for telephone calls between Barbados and the United States was US\$0.50 per minute. That has now been changed and reduced to US\$0.19 or BDS\$0.38 per minute for terminating the same call. That obviously has a positive impact, if we play our cards right, on the cost of international calls. It has a negative impact on the company's profits. It provides an opportunity for Barbadians to benefit from lower cost international calls if we do not burden international calls with other costs.

Among other challenges we face is that many of our regulations have not taken into account the realities of what is happening. In earlier technologies there was a difference between broadcasting and telephone service, and between the transmission of voice and transmission of videos. Today, Sir, it is possible for a cable television company to provide internet services. It is possible for a television station to provide other forms of entertainment and telecommunications services. In short, Sir, the artificial regulatory lines between television stations and internet companies have been made a nonsense of by telecommunications.

I am sure that you have been following the battle between Napster, the internet service company that provides for the exchange of free music over the internet, and the record producers of the United States. That battle has taken some interesting turns in terms of the ruling of the court. I have given that as an example to indicate that very often regulation lags behind the reality of how business and technology move. What we are seeking to do Sir, by the Policy contained therein, and with the ultimate beneficiary being the public of Barbados, is to bring those two in line by way of a more sophisticated telecommunications service, offer better pricing for those services and, more importantly, create more jobs which are dependent on telecommunications technology.

11.55 a.m.

What, therefore, are those policies which we are proposing to present, Mr. Deputy Speaker? I will now proceed to tell you what are those proposed policies.

First of all, this Parliament would have been engaged, with the approval of the legislation, in establishing the Fair Trading Commission and in speaking to the role which it will have in administering the new Utilities Regulation Bill.

We will be bringing new legislation to Parliament shortly to amend the Telecommunications Act Cap. 282(a) and to create new Regulations to that Act in order to modernise the way telecommunications are administered. I think it is important that I take a few moments to explain how this new regulatory environment will function.

First of all, regulation is a tool which is being used in economic development as a proxy for a fully developed and competitive market. In many areas, Sir, there are still many aspects of business in which one will find that when one speaks of liberalisation and deregulation that one, in fact, is speaking of having regulations which are more flexible and appropriate for the time.

When one thinks of a free market, one can readily think of the New York Stock Exchange, or any stock exchange in the United States of America. However, those same exchanges have rules and regulations governing how free agents deal with one another; it is the same with telecommunications. The United States had its first round of liberalisation in the 1980s. It has subsequently reviewed all that and, through the 1996 Telecommunications Act of the United States of America and through the subsequent ruling of the Federal Communications Commission, it has made a number of changes, but we see the aims of Telecommunications Regulations, Sir, as the following:

3. Protect consumers from unfair pricing and practices,
4. Encourage investment by allowing efficient operators to earn a reasonable return of capital invested,
5. Promote efficiency in the provision of telecommunications services,
6. Ensure quality of service.

Those are the basic aims of regulations in telecommunications. We have already been pleased, Sir, to follow through on one of our earlier commitments to repeal the Public Utilities Board Act and instead, to introduce the Fair Trading Commission Act and to establish a new corporate body to replace the Public Utilities Board. Also Sir, to pass the Utilities Regulations Bill which speaks to how the Fair Trading Commission will conduct its activities with respect to Utilities Regulations, including that of Telecommunications.

Lest there be any confusion, Sir, I want to draw an analogy: the Fair Trading Commission will also regulate the provision of electricity services. This provision represents part of Government's energy policy and, within the Energy Division of the Ministry of the Environment, Energy and Natural Resources, this Commission will administer policies

on energy. It seeks to encourage alternative energy, it seeks to encourage environmentally clean fuel and the like. The Fair Trading Commission will regulate the pricing and quality of service with respect to the provision of electricity services.

In a similar vein, Sir, when it comes to telecommunications, there still will be a Ministry which will be responsible for telecommunications, which will deal with a number of areas including the licencing of new entrances into telecommunications, the allocation of radio-frequency spectrum – that basically means the grant of, for example, Voice of Barbados (VOB), 790 AM, 92.9 FM, 95.3 FM, 95.1 FM, CBC 900, 98.1 FM, and the like, the allocation of spaces in the air-waves, the administration of telephone numbers and various other features. The Fair Trading Commission will regulate price, service quality and other related areas. Therefore, the document speaks to that role for the Ministry of Telecommunications, and the role of the Fair Trading Commission.

The functions of the Telecommunications Unit within the Ministry of Industry and International Business will be strengthened to meet the new challenges of this new liberalised environment. It will be strengthened to manage the award of licences to the service providers; collect licence fees; and manage the country's resources in telecommunications, such as radio-frequency spectrum and the national numbering plan.

With respect to the Fair Trading Commission, Sir, as was indicated in the Debate on the Bill, but I will repeat it for the sake of clarity, the Fair Trading Commission will:

1. regulate service standards,
2. monitor compliance with rates and standards,
3. respond to consumer complaints and issues,
4. determine rates by reference to compatible regulatory mechanisms such as price caps, profit sharing, or whatever mechanisms they may come up with, and
5. deal with the procedure for public hearings on matters involving the subject under their purview.

Sir, in this Telecommunications Sector Policy, there are a few matters which are of major significance. I will go straight to those matters in which the people have the greatest interest.

First of all, the matter of market entry and competition. As was already indicated in the Prime Minister's Economic Policy Statement, we have been able to fulfill our promise:

1. To ensure the liberalisation of the market for telecommunications service in Barbados, and
2. To introduce competition in all aspects of the provision of telecommunications services.

There are significant benefits to be gained from the liberalisation of the Telecommunications Sector Policy and I do not need to repeat them. We will use a mixture of strategies when moving the market to the point of liberalisation. We will view a services-base approach in the initial period when we recognise it is easier to encourage new investment in the services. We will also be looking to have new investments in the provision of capital-intensive aspects of telecommunications. We will have all of the telecommunications sector fully liberalised by 31 December, 2002. We are already into the first phase of that process of liberalisation and during this period, Sir, the following will occur:

- a. We propose to provide the freedom of flexibility for business persons and individual consumers to determine what equipment they will use on the end of their telephone lines.

In fact, some of that is more observed in the breach in terms of the provision of household equipment, but what it provides, however, is an opportunity for new business persons to provide competing and competitive choices as far as the types of telephones and their various features.

- b. There will also be competition, Sir, in what I call the multi-lined systems; mini PBXs.
- c. It is proposed to issue new licence to cellular companies.

We believe one of the areas that is crying out for provision is the area of cellular telephone services.
12.05 p.m.

Around the world there are even competing technologies. Global, mobile, personal communication systems, for example, are great competitors for cellular, but the bottom line is that we believe that the wireless solutions are becoming more appropriate to many of the circumstances which we face and that the consumers of telecommunications services in Barbados have expressed a great interest and a great preference for mobile and that their interests would be best served by having more than one supplier of those services. We will grant them their wish in this first period.

In terms of domestic voice, we will also be liberalising the provision of value added services in domestic voice telephone. The competitors will be able to provide value

added services such as voice mail and messaging systems and provide the use of other features which they are best in a position to articulate.

In terms of the international side in the first phase, we will be certainly encouraging the use of wholesalers and resellers. One of the things that is missing in Barbados is the opportunity for persons to have competitive options, not just in terms of the physical carrier that carries their telecommunications but in terms of the prices which they pay. You can go anywhere in the world virtually and purchase calling cards which offer you different, lower and competitive rates compared to if you were to make your calls from a fixed telephone line, let us say in your hotel or elsewhere. That kind of competition in the provision of these services will be introduced in this first phase as well.

In fact, Sir, on that matter I should send a signal that one of the things that I would be proposing to include in the new Telecommunications Act, either in the body or the regulations, is a requirement for the telecommunications companies to be more flexible in providing opportunities and to allow persons to use not only calling cards that are supplied locally but also international calling cards. Also, Sir, there is a requirement in my estimation, for us in Barbados to do what is done in other countries of the world where, in fairness to guests staying in hotels, one needs to declare the rates that are charged for telephone calls. It is not widely known but it is a standard practice in hotels across the world to add a surcharge on top of whatever is the basic charge from the telecommunications company for use of your telephone in the room. Those surcharges usually hover somewhere in the region of 40 percent. So you could imagine, in the case of Barbados where telecommunications charges are not exactly as low as they should be right now, if one were to add a 40 percent charge on top of that, then our visitors – whether here for pleasure or for business – would have a hard time trying to figure out not only why they pay, but how to pay this very huge bill.

The disclosure provision which should be introduced will have that disclosure made. Guests may very well want the comfort and the preference and they may be wealthy enough to ignore whatever may be the ultimate charge and press on with making their call but others who will prefer to go downstairs and use the phone booth in the lobby or who will prefer to use the calling card should be given that option in this age of liberalisation and freedom.

Sir, in the second phase of the development towards full liberalisation, that is from April 1, 2001 to December 31, 2001, the rest of this year, the remaining items to be done include the grant of additional license for the provision of domestic telephone service as well as the final act of liberalisation in terms of the provision of any customer

premise equipment. That is, any of the equipment which you use in your house.

In short, in the future, what you will be buying from your telephone company will be line access. You can then choose if you want them to wire your house and to install the equipment or you can have someone else who is their competitor do it. Sir, that is similar to how it is for electricity services because you are buying electricity and, because the Barbados Light & Power Company has its metre on your house, you do not require them to come in and wire your house and choose your fridge, your stove and your computer and the other users of electrical services. There may be other companies out there who will offer better options as far as installing your inside wiring, who may offer better options as far as the type of telephone handset which you may use, and that would be provided.

In addition, Sir, there is substantial benefit to be gained by liberalising this area. We have, soon to be established in Barbados, additional call centres. Mr. Deputy Speaker, these call centres provide, within the information technology industry, the newest opportunity for large scale employment. In fact, Sir, I was pleased to have had the pleasure of first meeting with the investor from the UK back in 1998 and, having followed through in successive years, to have been able to land an investment. They have already made the public announcement. It is not new but what was significant is that one of the concerns that they had when they were looking to come to Barbados was not just about the rate – and I may say, they were able to negotiate a good rate with Cable and Wireless – but they needed to be sure that the technology which they could use within the walls of their business to provide these call services was appropriate.

We are saying that we cannot afford to stifle possibilities for investment through having people tied to technology which may neither be to their preference nor be the most suitable for the types of business services which they plan to provide. So that area is going to be very important as well. I must say, for example, that the call centre alone, when it reaches its maximum capacity will be employing some 450 persons, which is really a significant development for Barbados and that is for a telecommunications intensive business.

In the final phase, Sir, all that will be left to be done would be the full liberalisation of the international telecommunications service so that by the end of 2002 there will be other options as far as making international connections, and that is going to be of tremendous importance for Barbados. There have been concerns, as I indicated earlier, by business persons involved in the provision of value added information services, about the capacity which exists out of Barbados. I should say on that score that we have already had formal indication from Cable

and Wireless of the increase of the bandwidth available out of Barbados and plans to further increase, but competitors coming in would add further to what they are proposing to increase.

Sir, the other area which has attracted the attention of a number of persons is the proposed treatment in the new policy of internet services. The internet has been a tremendous and a phenomenal success in Barbados. The Government does not propose to seek to thwart the development of the internet through the introduction of undue or unnecessary controls. We however will require the internet service providers simply to be registered under the provisions of the Telecommunications Act.

When we reflected on the matter, Sir, providers of paging services are registered. If you are selling equipment as a dealer, you are registered and it is part of the norm, when we look at other countries as well, for there to be, at the very minimum, a simple process of registration. We believe, Sir, that also becomes useful if at any point there is a need for either the Ministry or the Fair Trading Commission to intervene on behalf of those same internet service providers as they may need to speak with other providers of telecommunications services. Therefore, that simple process of registration is all that we will pursue thus far. We, like many countries in the world, will simply keep a watching brief.

I must say as well, the matter of the use of the internet for the making of voice calls is something which obviously would have attracted our attention. Voice over the internet has been, again, one of the great successes of the internet generation and the Government certainly is not opposed to individuals using the internet for all of the legitimate services which are made available, including voice. If you can do that, fine.

12.15 p.m.

However, in terms of the companies themselves providing services, they are subject to whatever regulations that exist at that point in time. So if someone starts a business as an internet service provider and they are desirous of becoming a carrier for voice of a telephone company, then in addition to their internet service, they will have to make the necessary application and registration and follow the regulations for the provision of general telephone company services. That is all that we are saying.

Therefore, the proposal would be for the provision of voice over the internet services not to be restricted and companies which are not licensed and registered as telephone companies as may be defined under the law are not to advertise, promote or hold themselves out to be such.

The other area in which there has been tremendous interest has been on the matter of pricing. Before I go on to pricing, Sir, I believe I need to speak to an important component of the arrangements for market entry and competition. There have been attempts over the years, in Barbados as well as in other countries, on the part of some persons to establish competing telecommunications services. However, the access to the telecommunications network has been blocked or simply never fell within the range of regulations as it existed. Therefore, the issue of what is referred to as interconnection becomes fundamental to any attempts to allow new entrants into this market or any market which is moving from a monopoly to a competitive environment.

There was never a need for Barbados to have an interconnection policy because if you are having a monopoly – and the Government would have many years ago granted the Cable and Wireless companies exclusive monopoly licenses to provide their services – then there is no need for an interconnection policy because you cannot interconnect with yourself. From the day that you propose to have competitive services then provision has to be made for interconnection.

For example, when we grant another cellular licence, we have to ensure that adequate regulation exists which will guarantee that company the right of access to the domestic telephone network and to the international telephone network. Similarly, when a license is granted for another domestic telephone company or another international telephone company, the right of access to the other person's network has to be granted.

In short, if you take the United States of America, for example, they have AT&T, Sprint and MCI. The Federal Communications Commission established interconnection rules and interconnection policies and have mandated that each of those companies had to provide the right of access to the other company. Of course, you cannot unfair a man. You cannot do it. So clearly if MCI accesses AT&T's network, MCI has to pay some charge and vice versa and the regulator agrees on the price and the conditions for interconnection. The regulator on price matters will, of course, be the Fair Trading Commission. Price regulation will be another aspect of their functions which will be essential. Therefore, we will create an environment where new entrants and incumbents can negotiate interconnection agreements within clearly defined parameters with the regulator being able to intervene where agreement cannot be reached.

Interconnection will be undertaken on this very clear basis, that the terms of the interconnection agreement would be non-discriminatory and provided on an equal basis; that the interconnection rates have to be transparent with

reasonable regard to their economic feasibility; of course, they must be cost-based; and that the network components must be sufficiently unbundled so that an interconnecting operator will only pay for what he needs in order to get into the system.

Of course, all those rules governing interconnection access and infrastructural sharing will be addressed under the new Telecommunications Act. In short, what that is saying, Sir, is if a company – let us say it is Cable and Wireless today, it could be AT&T tomorrow... because I must make this point that this Green Paper and the proposed telecommunications sector policies are not about Cable and Wireless. Cable and Wireless is not central to this. This policy speaks beyond Cable and Wireless.

The transition out of the current arrangements obviously very much involves Cable and Wireless, but the policies that are being put in place go well beyond the period when Cable and Wireless will have had the monopoly. So beyond 2002, Cable and Wireless will be just another player in this telecommunications environment. The policy which we are proposing, Sir, as I said in the transition period, would very much involve Cable and Wireless but there are broader policies that will be speaking to new entrants to the market as well.

When I was making the points about interconnection, one of the points said was that interconnection agreements have to be non-discriminatory and provided on an equal basis. Today you have the situation where, for example, the Cable and Wireless Group has a domestic company, a telephone company and an internet company. Interconnection agreements being non-discriminatory means that another company wanting to connect with Cable and Wireless must have the same terms as a Cable and Wireless affiliate offering the same services. You cannot give yourself a better deal than you give the third party.

Similarly, in five years time when there are no longer these monopolies and so on, and there is a new dominant provider, then that new dominant provider would be bound by those same rules. So for argument sake, if AT&T were to become a dominant provider in Barbados, they would not be able to give one of their affiliates a better deal than they could a new third party or an old third party. That is an important principle as far as interconnection is concerned.

Sir, on the matter of the pricing structures, how do people pay for the services which they use. First of all, let me say that this matter is one which would ultimately be the responsibility of the Fair Trading Commission. Government has established a Fair Trading Commission to deal with these issues and we propose to let them function fully and freely.

Sir, in terms of the current arrangements – or the arrangements just before January 1, let me start there, Sir – you had a bifurcated arrangement, an arrangement in which there were two different forms of price setting for telecommunications in Barbados. On the international side, you had the prices set by the Minister for Telecommunications by order, but even then in the way the thing was written he could only respond to applications made by Cable and Wireless. You had for domestic telephone service, a Public Utilities Board, which set the rates for domestic service. We have since streamlined that by the creation of the Fair Trading Commission which has price setting responsibility for both international service and domestic service.

Under an arrangement which goes back to 1989, Statutory Instrument No. 54 of 1989, 55 per cent of the revenue of Barbados External Telecommunications (BET) is paid over to the Barbados Telephone Company Limited as a subsidy for the operation of the domestic telephone service. It was in 1989 that the last percentage was changed. That percentage has changed from time to time depending on the situation. We are moving to the stage where we are liberalizing the provision of the communication services. We, therefore, need to ensure that each service that is provided is able to stand on its own. So that an investor can make a decision to offer all services or, if he wants, only a few services. Therefore, the transfer of one service to another is incompatible with that process of liberalization. 12.25 p.m.

One of the things the Fair Trading Commission will be asked to address therefore is the matter of the introduction of what is called cost base pricing. If it costs you “x” amount to provide international calls, then you sell your calls to the customer based on that. If it costs you “x” amount to provide a domestic call, you sell calls to your customer based on that. If it costs you “x” amount to provide the internet service, you sell your customer based on that without any plan or expectation that the revenue collected from another area is going to subsidize what you have. For the very simple reason that there is no guarantee that all of your competitors will offer all of these services that are on the market. You will, therefore, have one competitor having an unfair advantage over the other through being able to transfer revenue between services which another competitor cannot.

Sir, our economic future also depends on moving as quickly as possible to having the lowest possible rates for our international telecommunications. We cannot continue to fool ourselves about the provision of jobs, be they in tourism, financial services or in business generally, can continue to ignore the fact that our competitors are paying less for international telecommunications services. It goes down to the cost of business. So that if I run a hotel and I have to do international marketing, make contacts with my sales agents and all of the things that international hotels

have to do, but it costs me 25 per cent more to do that from Barbados than from Jamaica or Trinidad, Barbados will then have to watch its competitive position and the impact on the cost of doing business with these artificially high international rates. I am sure you would have heard that Trinidad had a 25 per cent reduction in their international rates in the last few months of last year. Several other countries had reductions in their international rates.

Sir, that means we have to let the cost based principle apply and the other means of doing that is to introduce competition where persons are competing for business and where they are more keen to offer better technology and are more keen to undercut one another in an attempt to gain market share. Therefore, we will be using more strategies in an attempt to do just that.

Sir, as far as the pricing structure is concerned, the pricing structure for telephone services in Barbados was determined by the Public Utilities Board and the Minister of Telecommunications for the national side. Both will now be done by the entity that replaced the Public Utilities Board. I want to say, Mr. Deputy Speaker, that I had the very good fortune of appearing as an objector in the 1993 telephone rate case. So that I know of the provisions of the telecommunications services. I know of the pricing and the approach of Cable & Wireless BARTEL Limited from the point of view of being an objector to something which they had proposed. It was a very interesting experience, Sir, to have appeared alongside Wendell McClean and other distinguished objectors in that matter.

Sir, that process was done before the Public Utilities Board. In the future, another set of objectors – because neither Wendell McClean nor Reginald Farley would appear to be available to be objectors in the future battles. The Fair Trading Commission will perform that Public Utilities Board-type function as has been indicated in here when we debated the Fair Trading Commission Bill.

The Fair Trading Commission will also ensure that there is a greater opportunity for public participation by the provision of a people’s counsel. When I appeared as an objector, Sir, there was no opportunity for free legal advice to be provided to me or to other objectors. Under the new dispensation for the setting of rates in Barbados, the public will be able to participate and the public will have its right to object strengthened by the provision of public counsel through the Fair Trading Commission. I am reminded, Sir, that all of this is covered under Section 9 of the Utilities Regulation Act, 2000 – No. 30 of this Parliament. It says, Sir, on the functions of the public counsel:

“A public counsel shall:

d. Advise consumers on matters relating to this Act,

- e. Assist consumers in preparing for reviews and hearings, and presenting arguments before the Commission in relation to:

1. The setting of rates,
2. The determination of principles,
1. The setting of standards of service,
2. Complaints regarding billing and the standard of service supplied by service providers."

That is in the Laws of Barbados as approved by this Parliament not too long ago.

Sir, by way of both the principles of pricing and the rates of pricing, the same public open process in which I participated in 1993 will be available to the public of Barbados with improvements as identified.

Sir, I want to state my position on the matter of pricing structures and pricing principles. For me, Sir, I prefer a flat rate as a method of payment for telephone service in Barbados. Sir, it is not for the Government to dictate what the structure should be, having established under the law a Fair Trading Commission and, Sir, having produced a Green Paper for consultation and for setting broad policy principles that will apply over a long period of time. The average policy life span of a Green Paper is between five and ten years. This matter therefore, Sir, goes well beyond the immediate circumstances and all that the Paper says is that options can be prepared for presentation to the Fair Trading Commission to allow customers to choose the plan which best suits their circumstances.

Sir, it is up to the companies. Notice that I have said the companies because this is not about a company. This is about new entrants who may come to the market and who may think that they can offer different approaches to this situation. So that it is up to the companies to make application if they so desire to the Fair Trading Commission and face the process of the public hearing and the determination by the public on the particular matter.
12.35 p.m.

I must say, Sir, that if the number of e-mails which I received from Barbadians at home and far abroad, and I made reference to them earlier, is any indication of their feelings on the matter, then I would expect that there will be most robust and vigorous representation at the Fair Trading Commission, and with the help of the people's counsel, if any of the companies that will be involved in telecommunications in the future choose to exercise the option of proposing metred rates as opposed to flat rates. All I can offer at this stage, and I have expressed my preference, is that the Government will not be so rigid in its policy as to

stand in the way of companies, new and old, and the Fair Trading Commission and the people of Barbados exercising their options as to how they will treat the payment for telecommunications services in Barbados.

Mr. Deputy Speaker, moving on to a few other matters before we close, but perhaps I should read that section for you which says that:

"The Government will mandate the incumbent to develop, for the consideration of the Fair Trading Commission, pricing options which will allow consumers to choose the price plan which best suits their situation. A flat domestic rate will remain available to consumers. Usage based pricing plans will also be developed, allowing consumers to make a choice as to how they will pay for their telecommunications service."

Sir, on the process of liberalisation, I mentioned that there would be the award of various licences for the provision of services in the telecommunications sector. These, therefore, propose a new structure for the licensing of the operations of telecommunications services in Barbados. We propose to offer some very basic forms of licences. We will offer what is called a carrier licence for a company which is involved in the provision of equipment-based services – telephone companies stringing wires along with international companies offering international services by satellite, by underground cables, in the ocean or other similar means. There will be a mobile carrier licence for companies which are involved in cellular or other mobile means of telecommunications. A service provider licence will be structured in a general way but, in the first instance only, internet service providers will be required to be licensed under that as well as under a dealer's licence and what is called a spectrum licence.

Sir, I think these are pretty clear and they speak for themselves but, just to say that the process of the grant of these licences is: a carrier licence which will authorise a person to own and operate a telecommunications network; the spectrum licence will authorise a person to use a part of that radio frequency to provide services; and the dealer's licence authorises a person to sell, import and trade in certain equipment.

There will be issues in accordance with the timetable which we have spelt out for the liberalisation. We are not in a position to deal with all of the issues of the licences all at the same time. There is a schedule which we will follow. The licences will all be non-exclusive. We are not entering into any more exclusive licences. For example, the licences which the companies currently have are exclusive licences. There is nothing in the 1985 Telecommunications Act of Barbados

preventing the emergence of multiple operators, but Government had, as a contract, agreed to give up its right to grant additional licences and instead entered into an exclusive arrangement with the companies. We are not going that route.

New licences will be of a non-exclusive nature as stated in the document and will be conferred on telecommunications operators in a fair and on a non-discriminatory basis.

The existing operators will be granted licences for the services which they currently provide so that will be a roll-over from the current situation and all of those participants, all persons who are interested in having licences, would then be expected to submit the necessary applications.

Already there has been considerable interest with numerous applications made to the Ministry with respect to the class of licences available, particularly on the cellular and international telecommunications side. We are in the process of finalising the formal documents which will outline the proper application procedure and the criteria which will be applied and used to determine the grant of the licences so that we can be open and transparent. That information will be communicated with those companies which have already indicated general interest and they will be given some formal instructions concerning the dates for completion of the formal application and the dates by which we propose to grant the licences.

I made mention of the fact that there would be a number of required legislative reforms. The paper also speaks to that. The Telecommunications Act will be amended to make provision for the policies which are outlined in this paper. There will also be amendments required for other legislation to confirm the issue of the rights of providers of services to have access to land and to utility poles and the like.

Much of the legislation granting concessions in telecommunications is written in terms of Cable and Wireless but where there are concessions to telecommunications entities, currently only Cable and Wireless, we would amend the legislation in terms of customs duties and other areas of concessions to grant all companies providing competing service similar to Cable and Wireless' with similar concessions so that Government, through its reform, will ensure that there is a level playing field.

Mr. Deputy Speaker, I want to speak to two other areas which relate to this telecommunications reform. We had received a request from the Cable and Wireless companies in

Barbados several years ago to approve the merger of their operations in Barbados. You will recall, as I indicated, that many years ago they were not the dominant company nor were they involved in both domestic and international telecommunications services.

We took the opportunity of tying the process together to say to them, let us engage in a full process of discussions and negotiations. What we would want out of this arrangement is an early end to the exclusive licences which, as they stand now, would have gone on to 2011. That for us was untenable. We have therefore been able, as I indicated earlier at the start of this presentation, to have agreement that those licences will come to an end by December 2002 and be taken over under the new arrangements.

We have also agreed to the merger of the Cable and Wireless companies in Barbados with the expectation that a rational approach to business, a common sense approach to business, would dictate that if you have three or four companies in Barbados carrying out related activities as telecommunications companies, but each one has the burden of separate premises, each one has the burden of a board of directors, of management and other overheads associated with a company, the consumer at the end of the day has to pay for those. We also took our guard and our guide from the fact that that model of separation is no longer used by the major telecommunications administrations around the world. 12.45 p.m.

In the 1980s, when the Bell System was broken up by the Federal Communications Commission in the United States, it required that separate companies be established and those who were into long distance services could not do local services. Since 1996, in the reform of their telecommunications services, they have recognised that those artificial divisions, as far as companies are concerned, are inconsistent with the way technology works today because the same company that provides one service can provide another. You do not need to have a separate company to continue technology training.

Also, Sir, one can have what are called accounting separation models, proper regulatory devices to use an accounting approach and a regulatory approach to separate out services rather than requiring that companies be broken up and formed into new companies and create artificial entities.

Sir, we therefore followed that model because, as you know, in the United States companies can offer all kinds of services these days – local companies are offering long distance, long distance companies are offering local and the like. Therefore, from the perspective of the size of Barbados – and not justifying having Cable & Wireless BARTEL,

Cable & Wireless BET, Cable & Wireless Caribbean Cellular, Cable & Wireless Information Systems – the Government has agreed that the companies can merge their corporate operations and the Fair Trading Commission will use an accounting separation model to separate out the regulated services from the unregulated service. This is not a new thing because it is used in other jurisdictions around the world.

Indeed, Sir, one of the things that regulators have always done in coming to a determination on rates is that they have always forced utility companies to prove what constitutes appropriate expenses for the regulated services and ignored those that are not.

Sir, additionally, I have to mention that we have also indicated to Cable & Wireless that we want to see more of their regional businesses come to Barbados, that Barbados is a most suitable location for regional enterprises and we would want to see jobs and other benefits associated with regional enterprises come to Barbados. Already established in Barbados is a new regional office for Barbados and the Windward Islands, which includes Barbados, Dominica, St. Lucia, St. Vincent and Grenada.

Sir, there is also a regional office which provides billing and other back office support, providing jobs and other economic benefits for Barbados. We have indicated as well, Sir, with respect to the proposed merger, that we would want to ensure that there is continued extensive use of Barbadian management, that there is no dislocation and, if there is, that it is minimal as far as reduction of overheads is concerned. I have been assured, from as long as two years ago, that the company has spoken to the Barbados Workers' Union on these matters and that any dislocation as a result of a merger would be minimal.

Sir, I have also been assured that Barbadian management has been so effective in the management of the company that there are now Barbadians as Chief Executive Officers of several Cable & Wireless operations across the Caribbean region.

In addition, in terms of the Cable & Wireless regional office in the Cayman Islands, which is the office out of London that looks after the wider regional operations, several Barbadians have gone there to head divisions or to do other senior managerial functions for the company.

Sir, we are satisfied that the interests of Barbados and Barbadians have been protected. We are also satisfied that this telecommunications Green Paper lays out a framework for new and exciting policies which would chart the path for the development of Barbados well into the next century, or as long as the technology applies because the reality is that technology is changing so rapidly that we cannot rule out the

possibility of having to return to this Parliament in the next several years to again revamp our telecommunications policy in order to ensure that it is appropriate to the situation.

Sir, in closing I will simply summarise a number of the key policies which are part of this effort today.

We have been able to create a Fair Trading Commission to bring some elements of modernity to the regulation of telecommunications in Barbados. The Ministry with responsibilities for telecommunications will maintain an overall general view of the technology and where it is going, like licensing, and administration of numbers which will be strengthened in a number of ways.

Sir, before I move on, I should add that, as was indicated in the legislation of the Fair Trading Commission, and in subsequent debate, the Fair Trading Commission, just like other regulators around the world, also has adopted within its legislation and policy the position that as particular services become competitive, it will roll back its regulation and let the market deal with them.

Again, as far as rate setting is concerned, the Fair Trading Commission and the Ministry which is responsible for it will implement the Government's policy of having incentive regulation. Provision will be made for the accounting separation model to be used to ensure the company is providing more regulated and competitive services and to have these properly separated.

The Ministry responsible for telecommunications will be strengthened to ensure that we are able to efficiently manage the allocation of spectrum; that we are able to issue licences and collect the fees which are associated with licences because the reality is that around the world Governments are raising revenue by ensuring that the interest of the private sector in obtaining licences and spectrum are also reflected in the interest of the State in the collection of revenue for the provision of public services, and Barbados will be no different.

We need, of course, in a liberalised environment within the telecommunications unit, to ensure that we maintain a proper database of licences, spectrum allocated and the like.

We need to take over the administration of numbers. Sir, in a monopoly environment one can take a number of things for granted. If you want a telephone you will go to BARTEL and they will give you a number but if there are two telephone companies and you go to one company or the other to apply for a telephone, who then generates the number? Who makes sure that numbers are not double sold? Who makes sure that they can connect to one another? Those

activities will have to be taken over by the telecommunications unit of an industry to ensure that there is a third party oversight over the administration of numbers and the granting of numbers by competing telephone companies, be they of a fixed domestic line nature or of a cellular nature.

Again, Sir, in various countries of the world, you will find that there are patterns that emerge as far as numbers are concerned. The 1-800 and 1-888 numbers are toll-free numbers. The 1-900 are tolled numbers and it goes on and on. Those are the methods that will be used here.

Also, Sir, the issue of something referred to as number portability will also arise. The trend around the world, as telecommunications become more global, is that in time people will have one number. The telephone number which applies to you in Barbados will apply to you in Germany. If you move from one company to another, the same number will move with you. Those are things which Barbados has to look to introduce as well.

On the matter of the administration of domain name and internet addresses, those are currently administered by Cable & Wireless because, when this was new in the 1990s, the Government did not have the capacity to do this. Cable & Wireless was the only company offering internet service and, therefore, they did it. If there were a problem with domain names or with having internet addresses assigned, the Government would assume that responsibility and we are proposing by means of this Green Paper to assume the responsibility for domain names as well as number administration by July of this year and ensure that there is third party oversight and an impartial means by which competing internet service providers and individuals can apply for and be granted the tools of the trade in terms of domain names *etcetera*. This, I should mention, relates to the .bb domain. Without going into a lot of detail, there are several hierarchies with respect to domain names. The .com is administered by a private sector group out of the United States and there are major discussions going on in the World Intellectual Property Organisation, as well as among other interested parties, on coming up with a global approach to the use of this new resource. We are, of course, actively participating in those activities as well. On the issue of market entry and competition, as indicated, Mr. Deputy Speaker, we will embark on a liberalisation process starting now and ending December 31, 2002. The first phase, which ends in March 2001, will see the development of resale services and the allocation of the digital cellular telephone licence.

12.55 p.m.

Phase 2, which will end on December 31, 2001, will see the development of facilities-based competition between domestic telephone providers. In Phase 3 of that liberalisation process, there will be full competition in all

areas. That is the granting of additional international telecommunications licences. Persons will be free to own, operate and install international facilities, whether there are large satellites, or your own PSAT, very small satellites which can be used for direct communication.

Mr. Deputy Speaker, in the matter of paging services, which I alluded to earlier, there will be no change. They will continue to be licensed as they are now under the Telecommunications Act. On customer premises equipment, as soon as the regulations are made, persons will be able to own and install their own telephone equipment and their own inside wiring. The multiple line will be a two-tier process as outlined in the document.

On the resale of international telecommunications services, in the second phase, Sir, there will be the opportunity for shrewd business persons to purchase wholesale time, at a discount, from your telecommunications service provider, and you aggressively market and sell at a price, and you make the margin from there, but it provides Barbados with an opportunity to benefit from bargain price international telecommunications calls.

On the question of the internet we do not propose to impose any additional regulations on the provision of internet services. We are merely asking for a civil registration process to be undertaken as is common with paging service dealers and persons who are even more peripheral to the telecommunications environment. We are desirous of going this route because we anticipate that given the demand from internet service providers for the need to buy in and interconnect with the network of existing service providers, they may need at some point to come under the protection of the Fair Trading Commission and that protection would be more easily obtained.

Voice over the internet – we are not proposing to attempt to do the impossible and ban that because it is not possible. We are not proposing to do that but if the providers of internet service are desirous of going through the process of metamorphosis and coming out at the other end as telephone companies, then they should go through the process of application, have the appropriate licence and follow the regulatory procedure for setting themselves up as a telephone company.

During the first phase, submerged in these policies, we are proposing to rationalise the matter of broadcast. The company CMC, the replacement of CANA, and others will have the facility to downlink satellite services for their own broadcasting use. Caribbean Broadcasting Corporation will continue to uplink and downlink their privileges through a licence that has been granted. Again, these companies that

have been given these privileges will not be able to offer publicly fixed services even though it is technologically possible until the appropriate phase of liberalisation has been achieved.

The Government will guarantee new entrants to the marketplace that they will have the right and the opportunity to interconnect with other service providers and to be able to do so under the guidance and protection of the relevant authorities as far as interconnection is concerned.

We propose to continue to maintain that there will be a universal service policy in Barbados. Although we are satisfied that we have achieved a substantial amount and we have gone a great way toward the attainment of universal access to telecommunications services in Barbados, we believe that having access to plain, old television service is part of the past. That is a given in Barbados. Advanced jurisdictions like Canada have continued to raise the bar as far as what is considered universal service. To establish the old rules of universal service as having access to plain, old television service is like having an expectation today that merely having electricity at one's house for the purpose of providing light is enough, but not having the provision to cool your items by refrigeration and to use other equipment.

Therefore, we will define universal service in the future as follows:

- Having access to a telecommunications network.
- Access to emergency numbers and facilities.
- Access to directory enquiries and having public telephones in reasonable locations.

Having access to public telephones, Sir, is not only about making provisions for people who do not have phones, it is also about making provision for safety on the streets in terms of the breakdown of motor vehicles and generally providing facilities away from home or office for those persons who may not be so privileged as to have cellular phones.

In addition, the provision of telecommunications equipment to the disabled will be defined as part of the universal service policy. We need to ensure that persons who are providing telecommunications in Barbados recognise that the needs of the disabled have to be met. Individuals need to be able, if they so desire, to install in their homes the appropriate teletype machines, and any other equipment. Also the provision of public telephones, pay phones. They also need to have included in the offerings, at different points around the island, telephones that can be accessed by the disabled. We see as we travel around the United States and Canada, teletype machines and other newer forms of equipment. This universal service will apply to homes and

offices whereby part of the obligation of companies has to be the provision of these services.

The universal service comes with a cost and there is provision for an access deficit charge, where the cost is shared by all persons providing general services but details of that will be given. On the matter of pricing, Sir, I had indicated that the Green Paper on Telecommunications Sector Policy speaks to endorsing the policy of cost-based pricing. That simply means the different subsections of the market will meet their various costs, and this is part of the deliberalisation strategy when you unbundle your services. By unbundling them, you will be de-linking them, which means that a competitor can choose to go into the section of the market which he desires. If there are transfers between markets that distort the ability to go into the one area or another... If a competitor only wants to come in and offer internet services, then he should be free to do that. If he only wants to offer domestic services, he should be free to do so. If he only wants to offer international services, he should be free to do so. Therefore the provision of a subsidy between those different sections of the market does not encourage that particular option.

1.05 p.m.

As I have indicated on the matter of the pricing structure, my own preference is for the flat-rate and that is the preference of the hundreds of persons who have e-mailed me, and other persons who have publicly spoken on the matter. They have all indicated that these are the terms of the general policy which Government has laid down. We are simply saying, let the Fair Trading Commission discharge its mandate of responding if companies so desire, because the initiative has to come from companies. When companies put their position, in terms of certain structure to a flat-rate coming on stream, then the process that we have set in train for public inquiry and scrutiny would apply. But we are saying that even if the companies go that route, then we believe, as well, that a flat-rate should still remain an option to those persons who so desire. But the Government is laying out a broad policy which is available to persons who are in the market now, persons who will be coming in 2001, 2002 and beyond.

Also, Sir, during the period of transition, the Government will also have to ensure that the liberalisation goes according to the time table and action will therefore have to be taken to ensure that that process is adhered to.

Mr. Deputy Speaker, I believe I have said enough to give a fairly good indication of what the new telecommunications framework will look like. It is a framework which will be based on the entrance of new persons into the market, the encouragement of those new persons to provide new services, which we do not have at

present time, or for those persons to perform better at providing the same old services that we have. It is a framework which will ensure that those new entrants have adequate connections through clear and good interconnection policies. It is a new framework which has already seen the establishment of the Fair Trading Commission as a body which will protect the interest of consumers through pricing and policy standards and the like. It is a framework which will see Barbados being able to benefit from economic opportunities which are available in e-commerce, financial services and information technology. It is a framework which will take Barbados into the 21st Century. I commend this Telecommunications Sector Policy to you, Sir, and to the people of Barbados and look forward to their comments.

As I have indicated, Sir, for ease of reference this is available on the internet at www.bgis.gov.bb – this deals with the Government's proposals with respect to Telecommunications Sector Policies in Barbados. Mr. Deputy Speaker, I thank you.

Hon. D. A. C. SIMMONS: I beg to move that this Honourable House be now suspended until 2.15 p.m.

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

The question was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.

RESUMPTION

Mr. DEPUTY SPEAKER: This House is now resumed. The Honourable Member for St. John.

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, Sir, on behalf of the Opposition Democratic Labour Party, I welcome the opportunity to debate this Green Paper on Telecommunications Sector Policy, specifically within the context of some of the wider social and economic issues which plague Barbados and, of course, we are debating this particular Green Paper on Telecommunications Sector Policy against the background of global developments which are extremely important to our future.

I do not think one could characterize the presentation by the Honourable Member for Christ Church East as being contentious, which means that I do not have any issues to contest. He accepts that the Democratic Labour Party (DLP) made a significant contribution to the development of the telecommunications sector as it is now, because if he did not accept that, he would have said so. He accepts there are obviously some areas of convergence on policies between us and that at the end of the day, what may separate us is the very strong belief on this side that, while it is critical for us to have a competitive Telecommunications Sector Policy,

while it is important for us to move towards the use of the most modern and accessible forms of telecommunications in an era of globalization, there are still some critical issues that are going to arise in the course of this Debate.

Sir, the Green Paper on Telecommunications Sector Policy is a bit disjointed in its presentation and if it lacks anything at all, what it does lack is that it fails to say how the Government envisions Telecommunications Policy impacting, not just in the wider national sense of business development, on issues of the use of technologies in the country in order to promote business and employment and such, but how communications and technologies are going to impact on our lifestyles, culture, families, and on all aspects of our lives. This is one of the signal failings of Members on the Other Side when it comes to dealing with policy issues because the question of Telecommunications Sector Policy may, at the end of the day...in the future Barbados has best to do with some of the technical issues which the Honourable Member for Christ Church East raised. It has more to do with how persons relate to telecommunications, because if there is anything different about information in this revolution following on the industrial one, it is that people are using technology, not just to acquire knowledge, they are actually using and adapting the technology as they go along.

Sir, as I said, nothing is fixed, and for Barbados to significantly benefit from what is happening in this kind of revolution, we need to have very forward-looking policies to guide us.

I think it is also important to recognize, even though the Minister did not do so, that a lot of what he said is based on what has been gleaned from other jurisdictions. I cannot say that there was a single fact-breaking or original idea in the Green Paper on Telecommunications Sector Policy, nor was there any in his presentation. I am not saying that persons should walk around and seek out something unique only for the sake of saying it, but if we believe that we are a unique society, that we have a higher level of literacy, that we have the ability because of our small space to communicate better with each other, that we have excellent infrastructure, then there must be something unique about Barbados that is going to make it different from what is happening in the rest of the Caribbean.

I believe the Honourable Minister of Education, if she speaks, will tell us that there are persons who look at Barbados as a model for the use of the computer. In every single home people are linking up by using the most modern technology to do almost every aspect of their lives. I am not saying whether that is a good or bad thing, but what I am saying is that we have to look at the kind of society in which we live, and to recognize there are some unique the

characteristics that make it different from many of the other countries from which some of the ideas in this Green Paper on Telecommunications Sector Policy have been drawn, and that the job of the Honourable Member for Christ Church East – he said it, not me – is not only to describe Barbados as it is now, or as it will be immediately post the agreement with Cable and Wireless, but to look at where Barbados is going to be in 20 years' time. My own view is that the Green Paper on Telecommunications Sector Policy did not come into contact with any of those issues at all.

As I said, what the Green Paper on Telecommunications Sector Policy would have done would have been to repeat many of the features of the other Telecommunications Sector Policies throughout the world. It lacked the kind of scientific and other information which would be necessary to make some of the judgements that the Green Paper itself has done.

1.10 p.m.

The Government has accessible to it, a wealth of information in relation to the telecommunications sector which could be extremely helpful to policy makers and others, and it is felt that the Paper lacked a focus in its preparation on the utilisation of that information which is critical.

The six points, Sir, that I want to deal with in this particular Debate, and perhaps they can be dealt with very quickly, are on the question of cost, the role of the Fair Trading Commission, the question of the convergence of broadcasting and telecommunications policy, the role of Cable and Wireless, the licensing process and the timing which the Green Paper seeks to identify as its implementation phase.

Let us start first with the cost and let me state that from the outset, the position of the Democratic Labour Party in relation to telecommunications costs, in fact in relation to utilities costs, is that we will not support any mechanism introduced by the Government or by any other method which places additional burdens on the consumers in Barbados. We are not going to support any process which places additional burdens on the consumer. We will actively support any process which reduces costs on the consumer and reduces them significantly.

The point however is, Mr. Deputy Speaker, that this Green Paper provides no answers at all on that subject. It has not been able to identify what particular method would produce the least cost to the consumer in Barbados. What it has said is that cost based pricing as a method would make Barbados more competitive, obviously from the point of view of the operators of the services for which this method of pricing is applicable.

The Government has a responsibility to the consumer and what is lacking from this particular Green Paper is a clear statement of the Government's policy on whether it believes that metred rates are the way to go or whether it believes that the flat rate is the best way to go and, even if you take the position that a combination of the two is the best way to go, absolutely no evidence whatsoever has been provided in this Green Paper to suggest that is so.

Sir, a consumer reading this Green Paper could not come to a conclusion as to what is the best method of pricing telecommunications services in Barbados because the Green Paper does not say anything about it. What the Green Paper does, apart from creating confusion, is to suggest and to put in the mouths of all of those persons who are in favour of metered rates, all of the arguments that they need to advance the case for metered rates. There is not a single argument in this Green Paper to defend the Barbadian consumer from the introduction of metered rates, so one could only come to the conclusion that, despite what has been said, the Government is in favour of the introduction of metered rates in Barbados. The Honourable Member for St. Peter has said he is in favour of it or, rather, not opposed to it because it may mean that for some of his constituents, there can be a reduction in the cost of their telecommunications bills. He said he is in favour. Three or four Ministers said they are not in favour. Then we have had a third position put out in the public domain about the possibility of flat rates and metered rates operating together but at no point has there been any clarity. I am saying that the Government is in favour of metered rates because the Honourable Member for St. Peter, who is the Prime Minister, leading thinker, economist, chief cook, bottle washer, sailor, soldier and...

Hon. R. R. FARLEY: Mr. Deputy Speaker, on a point of order. I hate to stop the Honourable Member for St. John in full flight but if he crashes in the course of that flight, I would want to indicate that the Honourable Member's assertion that the Government is in favour of metered rates has not been made by the Government at all.

The Government has intimated that the choices will be laid open and that presentations will be made to the Fair Trading Commission, at which point in time, such determination will be made. The Honourable Member for St. John is misleading the Chamber by putting into the mouth of Government what is its policy.

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, I have no problem if the Minister wants to deliver a large speech and clarify because he was not on a point of order and that is why he should let me proceed. It is a nonsensical intervention because he has not, himself, been able to say in that long intervention what is the Government's policy. He might be able to say what he thinks it is not, but he said that I cannot say that he said that it is what I say it is.

I am not interested in what the Honourable Member for Christ Church East himself said. He was introducing a Green Paper on Telecommunications Sector Policy in Barbados and that is what this debate is about. It is not only about what the Honourable Member for Christ Church East said, it is about what he failed to say and what he failed to say in this particular debate, you can find in Roman numeral XV in the Executive Summary under this heading:

“Transition to Cost Based Pricing

The need to move to cost based is a worldwide phenomenon and not unique to Barbados. It is also globally accepted that this achievement of cost based prices should be done over time to ensure that it is socially acceptable and lessens the impact on consumers.”

The Government has said it is moving into cost-based pricing which means there is going to be a change. The Green Paper says there is going to be a change. They have not said that the change is going to deliver a cheaper service to consumers. That has not been said yet and they could not say that for the simple reason that the Government has produced all of the evidence that anybody would want to establish that the domestic rates in Barbados are way below what they should be and that it is the international revenue which is used to subsidise the domestic revenue. If you are moving to cost-based pricing, can the Minister please tell me, because he was an objector to the Public Utilities Board. I am glad that he put it in the record of the House because that was the biggest secret that existed in Barbados until we heard of it in this debate and the records should be checked very carefully on that matter. I think the Honourable Member for Christ Church East needs to tell us how he is going to introduce cost-based pricing with a differential as significant as it is, or as is alleged, in relation to the domestic price and the domestic revenues, and in relation to the international price and the international revenues where one is offsetting the other and the one that is being provided at the concessionary rate is the domestic service.

Sir, if there is going to be any cost-based adjustment it must mean that you are going to have to adjust the service which is not being provided at its market cost. That is simple and basic economics for which the Honourable Member for St. Philip South, I am certain, would add a word of support, if not congratulations.
2.35 p.m.

Mr. Deputy Speaker, the Green Paper itself – these are not my words nor were they the Minister’s words because he did not want to say this – at XV said:

“If affordable international rates are to be achieved in Barbados, while allowing for continued network expansion and increased

accessibility by consumers, it will be necessary for the domestic service to bear its cost.”

That is in the Green Paper, Mr. Deputy Speaker, Sir. The Minister did not read it because, had he read that, the average consumer in Barbados would rightly come to the conclusion that it is the domestic cost which is going to have to go up to remove the subsidy which is now given to it from the revenue from the international service.

The Minister justifies it by saying:

“This will allow for continued investment and will also make the sector attractive for new entrants.”

All of its other policies in this Green Paper are based on the introduction of a methodology which points very clearly to the introduction of metered rates in Barbados. That is why I am reiterating that the Government is in favour of introducing metered rates in Barbados. It has not said so in this Green Paper. The Minister has not said so himself but he has provided all of the evidence that would be necessary for anybody who wishes to argue that those metered rates should be introduced in Barbados.

I need to hear from the Honourable Member for St. Michael North, the Minister responsible for Fair Trading, on this matter. It is very important because he took pains to introduce a Fair Trading Commission in Barbados which he said was going to be very independent and fair and would operate according to law when it was setting rates in relation to the telecommunications sector. I assume that he meant F-A-I-R and not F-E-A-R. The Honourable Member for Christ Church East also glossed over a very, very important section of this Green Paper. It is actually a very dangerous statement to be made in this Green Paper and that is why we need to hear from the Honourable Member for St. Michael North, the Honourable Member responsible for the Fair Trading Commission. But more than that, we need to hear from the Honourable Member for St. Thomas, as Attorney General, the man who is responsible for ensuring that laws are upheld in this country, because when I read this Green Paper, it shocked me, Mr. Deputy Speaker, to read these words:

“In the transition to full market competition...”

Now, notice, we talked earlier to a transition to cost-based pricing. I am on page VIII at the bottom of paragraph II, last line.

“... the Government will require the FTC to exercise the minimum level of regulation possible to achieve the policy objectives of the Government.”

Now, that is a stunning statement, Mr. Deputy Speaker, to be made in this Green Paper.

The Government really believes that it has the power to direct, because the word 'require' is used, and force the Fair Trading Commission to exercise a minimum level of regulations, which means that having passed a Fair Trading Commission Bill and a Utilities Regulations Bill, having given the citizens of this country to believe that the Government was protecting the rights of consumers in Barbados and vesting independent jurisdiction in a Fair Trading Commission, and putting a former judge and others of considerable integrity and of geographical significance to the Minister on the Fair Trading Commission, that this Commission was going to exercise these responsibilities with great distinction, having mind only to the legislation which was passed vesting powers in them, because the Commission can only operate on the basis of the legislation that this Parliament passed.

Government has no special powers in relation to absolving a Fair Trading Commission from exercising its responsibilities or from not exercising its responsibilities under the law. The Government is subject to the Fair Trading Commission rulings and the benefits or burden of those rulings just as any other citizen would be.

Can you imagine a Government saying in a Green Paper that it is going to require a Fair Trading Commission to exercise the minimum level, not the maximum level, of regulation possible to achieve the policy objectives of the Government? In other words, the Government wants to ram its policies down the throats of consumers in Barbados and is going to use the Fair Trading Commission as an accomplice to undertake this task.

Now, the Minister needs to clarify that statement because it jumped out at me as I was preparing for this debate. As I said, it is an attack on the Fair Trading Commission; it is a statement about the Government that Barbadians have in the year 2001 and, in a sense, it is an affront to the Minister responsible for the Fair Trading Commission and he needs to clarify it. More than that, it tells me that this Government is prepared to break the law to get its policies introduced in Barbados. That is what this Green Paper is telling me because you cannot tell me that you will require a Fair Trading Commission to exercise the minimum amount of regulation so you could get your policy introduced and then argue that you do not intend to break the law. The Fair Trading Commission is to use its maximum powers to the benefit of citizens.

I heard the Honourable Member for St. Michael North say that as long as he is the Minister, and he believes that those persons who were vested with the authority as members of the Commission took the same position, they would not be unduly influenced in coming to their decisions. I assume that the Fair Trading Commission will never be able to resolve the difference between the Prime Minister's view and the Minister's view on metered rates, but that is not

their job anyway. That kind of difference comes about when you have a Government run by propaganda and public relation and a Government that flies a kite and waits to see what the reaction to it will be.

The Prime Minister said he supported metered rates because some of his constituents will probably pay cheaper bills for the use of their telephone service. Then when the public starts to get up in arm at that absurd statement and criticize it – it is absurd in every sense of the word including the economics of it – then you start to hear that it was only the Prime Minister's personal opinion but that the relevant minister is not really in favour of it, that two of his other colleagues are not in favour of it and that, in any event, it is a matter for the Fair Trading Commission, so that they are only talking but that the Fair Trading Commission has the final decision to make.

Then the Honourable Member has the effrontery to bring a Green Paper and tell the public that they are going to require the Fair Trading Commission to do what they want at the end of the day. What kind of Government does Barbados have at this time? Any Government that would seek, not only to manipulate public opinion in that way, but to manipulate the laws of this country by saying that it will require a Fair Trading Commission to exercise the minimum regulation possible to achieve the policy objectives of the Government is a Government that is dangerous for the people who elected it. That is my view and the view of the Democratic Labour Party.

2.45 p.m.

That is very important, Mr. Deputy Speaker, because we are at the stage of debating Government's policy and I hope to hear from the Fair Trading Commission, or from some other source, a quick denunciation of this statement contained in this document. Of course, if the Minister was to admit that he did not really write all of the document and that he had a lot of help from the current monopoly holder, Cable and Wireless, in writing it, I would fully understand what he is saying. If he said that, then, perhaps, those who would be his biggest critics would sympathise with him but I doubt very much that we would hear the extent to which Cable and Wireless had a hand in the drafting of this Green Paper on Telecommunications Policy from the Honourable Member for Christ Church East because it would not be in keeping with the impression which the Government wishes to give that the Government is basically severing its relationship with Cable and Wireless and that, after December 2002, there is going to be some new era ushered in the telecommunications sector in Barbados where you have a company that has been a monopoly in this country, that has in all the infrastructure to deliver all of the basic services for telecommunications that is going to play no major role anymore in the telecommunications sector.

Anybody who would believe that would be a “moojin”, and I am certain that the Honourable Member for Christ Church East would not expect people on this Side nor people on the Other Side of the House to be characterised by that definition.

It is nonsense to believe that after December 2002 Cable and Wireless would just be another player. What an absurd statement to make! Cable and Wireless, that has been in Barbados under a monopoly arrangement for decades, longer than I have been alive, after December 2002 would become just another player. Now tell me who is going to rival Cable and Wireless on the first day of January 2003 in Barbados? Who will be able to rival Cable and Wireless in terms of its investment in the telecommunications sector in Barbados 20 years from now? Let us be realistic and let us design policies, not on the basis of giving the public the impression that the corporate sector – and particularly large players in the corporate sector that have had an influence on policy in Barbados – are suddenly no longer going to have that influence. It is nonsense! It is not the kind of statement that the Honourable Member for Christ Church East could expect us to believe, that Cable and Wireless will be just another player.

There are large continents, large islands like Britain, in which there are only two or three major players in the telecommunications sector. The British Government has just put out its annual yearbook, which I was glancing through yesterday. It is talking about the telecommunications sector and, with a population in excess of 50 million, it can identify as its major players BT, Audiophone and Cable and Wireless. I am talking about the British Government putting out in its yearbook of players in the British market, a country with a population of 59 501 000. They only have three major players in their telecommunications sector. One of them is dominant, we all know that. It is true that there are other players but there are always going to be dominant players.

Any Minister who can come in here, knowing the history of this country with 300 years of that kind of corporate domination, and give people to believe that Cable and Wireless, without an armed revolution, without any other apocalyptic change, will suddenly become another player in the telecommunications sector, does not understand what his portfolio is all about.

Thankfully, the Green Paper did not say that. That is why I said that there is a vast difference between what the Green Paper said and what the Minister said and did not want to say. If you stick to the Green Paper, you will understand where the Government wants to take Barbados because the Green Paper at no point acknowledges, and could never if it were to be taken as a serious document, that Cable and Wireless will no longer be a significant player in the telecommunications sector; nor does it say it will just become another player because there is a transition period.

There is a post-transition period when new licences will be introduced but many of those new telecommunications services are going to be linked very closely to investments, infrastructural and otherwise, which Cable and Wireless is going to make in relation to the Barbados economy.

That brings me now to the third point which is the role of Cable and Wireless. Cable and Wireless, obviously, would have gone to the table in any negotiation with a number of positions. Its best position would be to maintain a monopoly and to get metered rates. That would be the best position. Metered rates are coming, Mr. Deputy Speaker, no mind that the Government is trying to fool the public. It is the consumers in Barbados who are going to have to fight the Government on this issue. What you will have is an excuse that you have so liberalised the telecommunications sector that all of the players in that sector are clamouring for the introduction of the cost-based pricing mechanism which, as I say, would result in the introduction of metered rates in Barbados.

Government, based on everything that I see in here, by its actions and its omissions, has already signed on the dotted line. Therefore, when you heard the Chief Executive Officer of Cable and Wireless basically giving the impression that he always understood the Government to be saying that a condition of terminating their licence was that metered rates would be introduced in Barbados; I would repeat that when you read this Green Paper, he is absolutely right that the Government has basically agreed, though it had been a typical smoke-filled-room-tea-and-sandwiches decision, isolated from the people in the board rooms of this country, to a position that would see the end of the Cable and Wireless licence and the introduction of cost-based measures which would ensure greater profitability for the service providers in Barbados, greater competition. The Minister believes that, in a country as small as this, there are going to be all of these service providers clawing at the door, trying to come into Barbados to provide all of these very competitive services which we require. Yet, other than the anecdotal stories of a few phone calls from Japan and some from London and so on, there is no hard evidence in this document nor has there been any from any non-player.

In other words, any company that is not presently operating in this market, to suggest that they are trying to “lick down” the door to come and provide these services in Barbados on a competitive basis, I saw no evidence of it. There is none in here and therefore the Government is essentially selling out the consumers of Barbados and wants the Fair Trading Commission as a willing accomplice in its grand design in relation to the telecommunications sector.

Let me go on to say, Mr. Deputy Speaker, that when we look at telecommunications, I believe the Honourable Member for Christ Church East could have made out an

argument to this Parliament and should be able to make out an argument to his Party Leader that there needs to be greater convergence between broadcasting and telecommunications, as is happening in Britain.

The recent White Paper put out by the British Government in relation to its telecommunications policy recommended convergence, bringing all of the broadcasting and telecommunications services under one regulatory entity. I support that fully and I support it because I think it is as much a question of the survival of Barbadians and Barbados as a country to ensure that the regulations of telecommunications, of broadcasting and the standards and accessibility are brought under one policy. I am still concerned that not enough is being done by the Government to monitor and ensure that, particularly, our young people in Barbados are not exposing themselves, not only to the high levels of violence but to a lot of the other putrid stuff which is being peddled via our telecommunications services and our broadcast media via the networks and all of the other new developments that are taking place in terms of satellite television.

2.55 p.m.

I know the Honourable Member for St. Thomas says that he agrees with us on this and he thinks that every effort should be made by Government to deal with it. It is the one area of policy on which I think he will have strong support.

Whatever security measures need to be in place should be put in place because a lot of what is happening now in Barbados is coming from what people are taking off the internet, what they are seeing on television and what they are assimilating by those processes. It will destroy Barbados. Mr. Deputy Speaker, it will destroy our culture. It will destroy our young people. They will become more numb to violence. They will be exposed to all kinds of putrid pornography, so let us be serious about it. Apart from our need to protect our own culture we also need to take defensive action.

If there is one thing I regret about the results of the United States presidential elections, it was the fact that the running mate of Al Gore felt very strongly about the introduction of measures to ensure that young people using the internet and broadcast media were not being exposed to greater violence, to pornography and all those other things that are having a devastating effect on the American society. They are trying to do something after the horse has bolted but we might be able to catch the tail of the horse.

I believe that it is necessary for our telecommunications and our broadcast to converge to deal with this issue because it is very important.

The Green Paper needs to address that because it speaks too much about the telecommunications market. It focuses, to my mind, too much on competition and on the market and it does not focus enough on the use of telecommunications and broadcast policy to meet our nation's objectives. Those national objectives may be in relation to education, culture, health or may be in the way in which we do business on the internet and use other telecommunications services. All of that has to be brought together in a telecommunications policy because what is driving this revolution is information and it is being transmitted via telecommunications and via other broadcast media. We need to have a policy that addresses those issues.

The Democratic Labour Party has some ideas in that regard. We support convergence but we also support a much more broad-based telecommunications and broadcasting policy for Barbados. I believe that in that regard we need to get this Parliament to work on measures that will safeguard Barbadians and their future.

Mr. Deputy Speaker, I have already dealt with the role of Cable & Wireless but there is one point I did not make that needs to be made. Despite the fact that the Honourable Member for Christ Church East said that Cable & Wireless would be just another player, it is clear, based on this Green Paper, that decisions made or not made by Cable & Wireless in Barbados make it more than just another player in this country. The decision that Cable & Wireless makes will have major implications in relation to foreign exchange. I was not the one who said that, because there have been estimates in this Green Paper of the impact of telecommunications in Barbados, particularly the international dimension of it, and what happens externally. It will have implications in relation to workers in Barbados, many of whom are highly skilled but skilled in relation to what Cable & Wireless has been doing.

The Honourable Member for Christ Church East said that there are a lot of Barbadians working with Cable & Wireless outside of Barbados and they are to be applauded for that but there are also a lot of Barbadians working in Barbados who may not find alternative employment in Barbados even in a liberalised telecommunications sector. This is something that the Government needs obviously to look at because it will have a significant impact on our country.

Cable & Wireless has been having that impact. When parliamentarians retired to the dining room some evenings and 'old talk' – not of my generation but the generation previous to mine – there is always a discussion about the large numbers who worked at Cable & Wireless and how Cable & Wireless, by its employment policies, was able to help them get a better education and they have become major policymakers and professionals throughout Barbados. There are no two ways about it – Cable & Wireless will not be just

another player in the Barbadian telecommunications sector. The Minister does not have to strain and pretend that it will be, because it will not be just another player. No matter how many times the Minister says it, Cable and Wireless will not and cannot be just another player.

Sir, the other point in relation to the impact that Cable & Wireless has in Barbados is in relation to infrastructure which Cable & Wireless has put down in this country. How can you become another player when the entire infrastructure by which the telecommunications service post-2002 will be distributed is Cable & Wireless' infrastructure, unless someone else buys it over. This key component is going to drive telecommunications policy in Barbados. I will go as far as to say that when you liberalise, you may very well find that Cable & Wireless has greater power in the telecommunications sector in Barbados than in pre-liberalisation because when you liberalise, a lot of the constraints that would operate to require a monopoly to do some things that it felt it had a social obligation to do and would do in tandem with Government, will disappear.

Cable & Wireless will now ask the question: Is it feasible economically and financially for us to undertake it? If it is not, you will have to find somebody else to do it because they are not going to do it.

We are pretending that when the monopoly scenario is removed the market will be freed up and all of a sudden there will be people breaking down our doors to do all the things that Cable & Wireless would not do and do them more competitively, that is a dream. It is certainly not going to happen once the telecommunications market in Barbados has been liberalised. The last two points I want to make relate to the licencing process. Mr. Deputy Speaker, I believe that the Honourable Member for Christ Church East is sufficiently aware of developments that are taking place worldwide in relation to the discretion of Ministers, and the general exercise of discretion by Government to grant licences. There is going to be an impact from the WTO and the CARICOM Single Market & Economy, particularly Protocol II. There is going to be an impact under all of the other trade negotiations that Barbadians undertake and the outcome of those trade negotiations and the way in which licences and regulations are applied to activities like telecommunications, banking and all of the services.

I warned the Minister to have no fear because the time will come when the right of a Minister to exercise a discretion to grant a licence, or not to grant that licence, is going to be obliterated. They are moving to that level. It will be decided by a committee or tribunal or someone else so that the idea of designing a Green Paper on Telecommunications in which ministerial authority still plays a central role, to my mind, is actually going against the grain of what is going to be required in terms of transparency and

the attack on good governance and the way in which Ministers exercise their discretion, and so on, by the WTO and by a lot of the other trading arrangements that we are going to be entered into.

3.05 p.m.

It will do well, assuming that the Government of Barbados has not raised concerns about that particular trend, for us to look at democratic and fair mechanisms for the award of licences in the telecommunications sector and in other sectors.

When you apply for a licence, there must be a specified time frame in which you get a reply. It just cannot be held up in a Ministry for evermore and if they choose to reply, they will reply. Under the legislation that relates to broadcast, applications are made for licences and there is no time frame on it. There is no time frame for applications made in the telecommunications sector. There are no transparent procedures. Everything rests on the Minister's interpretation of the merit of the case, his view of the overall telecommunications sector and when it would be feasible. He exercises his discretion to grant a licence or not to grant it. That is quickly fading and the only resistance that countries like ours have to attempts to remove ministerial discretions in matters such as these is to start to design fair procedures in which, when someone makes an application for a licence to operate some kind of telecommunications service, and they receive an idea of what is required, they can get a reply swiftly, and there are appeal procedures in place; and that everybody believes that they are going to be treated in a fair and just way.

We cannot even get it right with the tenders in Barbados. You have Ministers in a Government that said that they would never do it, overturning tenders on the basis of their discretion and awarding them to whomever they want to award them to on all kinds of capricious reasons. A development that we heard had ended in 1994 but it has raised itself, Mr. Deputy Speaker, in a form that you cannot even recognise in terms of modern Government.

Ministers have taken it upon themselves to be very capricious in the way in which they grant or do not grant licences.

Asides.

Mr. D. J. H. THOMPSON: It has happened in several areas. It is an area that needs clear and transparent procedures.

Those procedures need to move away from the present scenario because the present scenario contemplated few players in the telecommunications sector. The Government has identified four key areas in which they will be granting

licences and we will need to know the way in which those licences will be granted and on what basis. They need to be speedy, flexible, and fair, and people need to get quick responses to their applications.

The last point that needs to be made in relation to this matter, Sir, is the question of timing. I heard what the Honourable Member for Christ Church East said. I have to accuse the Honourable Member for Christ Church East of galloping way ahead of his own Green Paper.

Asides.

Mr. D. J. H. THOMPSON: I am all mixed up as to whose Green Paper it is. He has galloped ahead of it because the Minister has given the impression that the process of liberalisation has already started. Actually, it should have started based on what the Green Paper has said. All of the things that he referred to are things that he now has to do. Not a single step has been taken that he was able to identify in relation to the time schedule for this liberalisation so far.

The cellular licences are to be granted – none has been granted yet. Even though, on the basis of the Green Paper, some of these things should have already been in place because the Green Paper very clearly sets out a time table. Competition in single line sets; competition in inside wiring; competition in multiline systems; phase one December 1, 2000 to March 2001; network base competition in cellular and interconnection to Cable and Wireless network.

In about two days time it is going to be February 15th and I want to know if the Minister, in the absence of the new legislation and a formal noting of this document, is going to proceed with the process of liberalisation or whether he has to revisit this time schedule and indicate that he has not been able to achieve the whole goals; and that it is unlikely that there will be full liberalisation of the telecommunications sector by the year 2002.

I suspect, based on what the Minister said today, that many of the measures that should have been undertaken to achieve full liberalisation are not underway and that it is therefore necessary for him to revisit this particular issue as quickly as possible. In other words, the Government's timing is off.

There are a few other little matters that need to be addressed. I do not think that the Minister has spent enough time identifying how he was going to resource the Telecommunications Unit to undertake its responsibility in respect of the new Telecommunications Sector Policy. He has outlined a mandate for the Telecommunications Unit that is significant. It would regulate the technical matters as well as radio frequency spectrum allocation; spectrum allocation and licencing; numbering and licence conditions. The

Government needs, therefore, to have a very clear perspective on how it is going to resource the Telecommunications Unit to undertake that aspect of its operation.

Of immediate importance would be a resource plan for the Fair Trading Commission as well. I believe that what the Minister is recommending here is the introduction of some liberalisation in which people are going to be requesting a pricing structure for the services that they are going to provide, and we do know that the Fair Trading Commission is up and running and that it has undertaken the studies that are necessary to look at the construction as it is now. Because you cannot identify what changes should be made or whether there is a fair system in place unless you have undertaken the studies in respect of each of the utility sectors but, more particularly, in relation to the telecommunications sector. I would like to know what resources have been made in relation to the Fair Trading Commission to undertake that aspect of its work. The Green Paper on Telecommunications Sector Policy identifies supporting legislations which need to be introduced, but the Honourable Minister did not speak about it. For example, the Data Protection Act. It is clear that there is going to be a critical need for new legislation and we know that Government is going to have to find the resources – again, to draft a lot of that new legislation and I therefore, think the Minister needs to identify what is happening in that regard.

3.15 p.m.

Those are some of the critical issues which I thought should be raised by us. I reiterate the Democratic Labour Party's position in this Debate: that we do not support the introduction of any measures in the Telecommunications Sector Policy which bring increased burden on consumers in Barbados. In fact, we will support measures that reduce the cost to consumers in this country, but we have seen no evidence that the Government is not in support of the metering of telephone services in Barbados. In fact, we are saying, the Barbados Government is in favour of the introduction of cost-based pricing which is going to mean metered services in Barbados. It means that, Sir, and this Green Paper on Telecommunications Sector Policy provides every bit of evidence that anyone making an application to the Fair Trading Commission will require to establish that metered services be introduced in this country. We do not support it and the Democratic Labour Party will stand behind that, and I compliment all those persons who have started the process of fighting against increased burden on the consumers in this country.

I am alarmed, Mr. Deputy Speaker, Sir, that the Honourable Member for Christ Church East did not even take on the suggestion of the Honourable Member for St. Michael East about the age when this Green Paper on

Telecommunications Sector Policy had a whole section devoted to Universal Service Obligations, section 871, and I remembered when I read it that, if one came to the conclusion that Government is in favour of the introduction of metered rates in Barbados, which it is based on this Document, one will expect that at least under this Universal Services Policy, at the end of it, the question would have been raised about the vulnerable persons in Barbados: the large number of senior citizens who depend on the telephone to keep in touch with members of their families at nights, the culture of our country with telephone, and the way that Barbadians feel about the use of the telephone.

I had not thought of the point, but I read in the Consumer Advocate that Barbadians use the telephone as a mean of binding themselves together. Therefore, when a method of pricing is introduced which is going to mean that the domestic services in Barbados will no longer be subsidized, and would have to be delivered on the basis of cost, it is clear that there is going to be an increased burden on the consumers in this country which would be tragic and devastating to the social fabric of our country.

We also have the question of the EduTech Project. I noticed the Minister of Education has stated a lot in trying to bring home the process of the EduTech Project, and for children to be able to take computers home. Some may already have at home, and may be able to go on-line and do some of the tasks. Sir, one cannot go on-line for five minutes, we are more looking at half an hour to one hour on evenings.

Now we have to look at all of this because, as I said, there seems to be an element of detachment about this Green Paper on Telecommunications Sector Policy, that even though it speaks to some of the things that are happening in relation to the Fair Trading Commission and EduTech and so on, it does not link the Telecommunications Sector Policy to those things which the Government said are important to it: to fight cultural penetration, to build communities in Barbados, to use telecommunications and modern technologies to improve the way in which we educate and enlighten our children; and in all of the other issues that the Government in other areas has been trumpeting. They have made no contact, whatsoever, with the Telecommunications Sector Policy that has been presented to this Parliament. Sir, Parliament is only being asked to note it. This Parliament is not being asked to vote for it. Let us make that clear that, at the end of the day, I have noted and have disagreed with it.

I believe that based on what is being argued in this Green Paper on Telecommunications Sector Policy, the Government is making out a case for the introduction of metered rates in Barbados and therefore, it does not have the support of the Democratic Labour Party on that basis. Indeed, I believe I should clarify what our policy is to the

citizens of Barbados. We did not bring the Green Paper on Telecommunications Sector Policy, but we will have time over the coming months to outline our alternative policies. The Government brought this Green Paper on Telecommunications Sector Policy and it leads to one clear, unquestionable conclusion. It is not a conclusion which has our support on this Side and therefore, any legislation or decision which flows from this, and any attempt to use the Fair Trading Commission as an accomplice in achieving those ends will be fully resisted by us on this Side as Members of the Opposition. We have not entered the Telecommunications Sector Policy debate as yet, because in a political context it is difficult for one to enter into a debate with politicians playing games.

The man at the top said he is in favour of metered rates. Three Ministers said that they are not in favour. The Fair Trading Commission said they are not really interested in what the Minister said, that under the law they have a job to do. Then there is the Telecommunications Sector Policy document which says that the Government will require the Fair Trading Commission to do certain things that will ensure that Government's policies are introduced. How can you begin, as an Opposition, to enter a debate with that level of duplicity operating, with no consistent position coming from a Government which is afraid of its own shadow? A Government which is afraid to take decisions? A Government that always wants to be on the right side of public opinion? A Government which is swayed by focus groups and by the slightest blips in its approval rating? A Government with a 26 to 2 majority, Mr. Deputy Speaker, Sir? It would be pointless trying to expend one's energy dealing with a scenario in which you are trying to discuss serious policies in Barbados with a Government that functions like that.

Even the Governments which are driven by spin and propaganda and are notorious for that, like the present Government in Great Britain, at least when they have a strong feeling about a policy – and I am not talking about their entry into the European Union, but on some of the other issues – the Government of Great Britain stated that particular policy and will fight for it. For example, the Transport Policy, *et cetera*. It is true that those Ministers are driven by spin and propaganda, but they have the courage to get up and say “this is the Government's policy”, and not “this is my personal view, but let us wait for a few days”, and then another Minister comes out and gives his personal view.

There is a debate being generated in Barbados where people are calling in on the Call-in Programmes trying to get to the bottom of the issue, or to get to the truth, and everybody is having their say, but the Government does not have the backbone, the strength of character or the purpose

to say, "This is our position, if you do not agree with it, let us hear the arguments against it, and then let us see if we can come up with a policy and position that is fair."

I say in this debate, everything that the Green Paper on Telecommunications Sector Policy said points in one direction. In everything that the Minister said he sought to avoid, and even suggested that the Green Paper on Telecommunications Sector Policy pointed in that direction. Everything that the monopoly in Barbados did and is doing points in the direction of the introduction of metered rates as a *quid pro quo* for the removal of its monopoly before the monopoly expires in the year 2011. Yet, at the same time, the country is being confused by these conflicting streams of personal opinions, which are in direct contention with what the Green Paper on Telecommunications Sector Policy said.

In that environment Mr. Deputy Speaker, Sir, I hope that what we, the Opposition have said in this debate will clarify our position once and for all. The debate will continue and the Honourable Member for St. Lucy will have some input to make on many of those issues and others, and indeed the public and consumers in Barbados can rest assured that we will stand on their side on this particular battle. I thank you, Sir.

3.25 p.m.

Hon. R. St. C. TOPPIN: Mr. Deputy Speaker, I join this debate today largely because my Ministry has an interface with the area of telecommunications. I say that because if you look at some of the areas in which we are involved in my Ministry – say electronic commerce for which my Ministry has responsibility to assist with the development of the small business sector and to even the playing field a bit to enable small businesses to compete more effectively against big businesses – the fact is that electronic commerce by its very definition, certainly a definition given by the World Trade Organisation, depends on a telecommunications network.

So too, Mr. Deputy Speaker, the area of information technology, which again my Ministry has responsibility for, and the movement of Barbados towards the forefront of the information age and, again information technology depends on telecommunications techniques. So those are the two clear areas in which my Ministry interfaces with the area of telecommunications.

I think that the clearest area of interface between my Ministry and that of the telecommunications has to do with the establishment and the functioning of the Fair Trading Commission.

I am pleased, Mr. Deputy Speaker, to have been associated with the bringing into being of the Fair Trading

Commission in the month of December 2000 because that demonstrated this Government's commitment to the reform of the regulation of the utility services in this country, which now includes both international telecommunications and local telecommunications services. Just to touch a bit on the reform, basically the Government adopted a four-pronged approach to the reform of the regulation of the utility services. The first being that the Government decided that there will be new rate setting mechanisms, a movement away from the current rate of return regulation, which provided no incentives whatsoever for efficiency on the part of the utility companies, to intensive compatible-type rate setting mechanisms to encourage efficiency, where huge profits can be made if efficiency is attained, but any profits so earned will be required to be passed back onto the consumers in the form of lower prices.

The second area of reform dealt with the ability of the Fair Trading Commission to set quality of service standards. Over the years, the Public Utilities Board complained that it felt hamstrung in being unable to set service standards for information technology. That provided significant constraint on their operations and part of the reform now in relation to the establishment of the Fair Trading Commission has to do with the fact that the Fair Trading Commission can now set quality of service standards monitor them and enforce them.

The third area in which reform will be carried out is in the area of the streamlining of public hearings in relation to utility matters. Over the years these hearings were very long, protracted and costly, costs which were eventually borne by the consumer. It was felt therefore, that you had to put systems in place to ensure that public hearings would be streamlined. So rules of procedure will now govern the way in which hearings are conducted. There will be the requirement for an applicant seeking an increase or an adjustment in rate to justify the application at the time of making the application. Anyone objecting will be required to submit their objections in writing in advance of the hearing. Then, there will be time limits in terms of the making of your objection at the time of the hearing. All these things are being done to ensure that there is no wastage of time and increase in expense which, as I said, is ultimately passed on to the consumer.

You would have heard as well that there is going to be the provision of a public counsel. The post has been approved by the Ministry of the Civil Service and we expect to fill it very, very shortly in the future.

A significant reform, as well had to do with the fact that more utility services have now been added to be regulated. I have already mentioned that international telecommunications will now be added to the local telecommunications services and this is important because

the public of Barbados must know that they are playing a role in determining their own standard of living. There is no point – and it is not fair – in having a situation where a utility company merely has by law to apply to a Minister requesting a rate, or an adjustment in rates, that they are currently charging and there is no requirement whatsoever for full and frank disclosure before the public of Barbados and, in fact, the Minister simply makes a decision, ‘yes’ or ‘no’.

It was felt that all these matters, whether in the area of international telecommunications services, water, natural gas, electricity or local telephone, all these things should be exposed fully before the public view so that any person can object and be heard at a hearing and, as I said, play a role in determining what should be his standard of living. Those are some of the areas on which the Government focussed in terms of reform. This reform was felt to be necessary because of the very important role that utility services play and will continue to play in the economic, social and cultural development of not only Barbados but in fact most, if not all countries across the world.

Significantly, in addition to that technical and regulatory reform to which I just referred, the Government also recognised that, given the importance of the telecommunications sector in the process of national development, it was also extremely important that an appropriate telecommunications policy framework be put in place as well. As I said earlier, I am as pleased to be associated with the establishment of the Fair Trading Commission as I am sure the Honourable Member for Christ Church East and Minister responsible for Telecommunications is to be associated with the introduction of this Green Paper today, with the proposals for a new telecommunications policy for Barbados.

I want to say, for the benefit of those who do not seem to know that a Green Paper is really a document prepared to evoke and promote discussion and consultation, that it is not a document purporting in itself to be the stated and settled policy. It is to generate debate and Honourable Members in here can speak on it and I am sure will speak on it. The Opposition Leader has spoken on it. Members of the public will express their opinions and I hope vigorously so as well. Then, after that is done the Government taking everything into consideration, will at the end of the day, devise a policy that it deems appropriate based on a process of consultation that would already have taken place. So those who purport to be in Parliament, and in public life, and in politics for so many years and do not know what a Green Paper is and how it is supposed to operate and what it represents, I just thought I would take that little two minutes to educate them about what a Green Paper really represents.

Asides.

Hon. R. St. C. TOPPIN: Mr. Deputy Speaker, to better understand the role of the Fair Trading Commission in this process at this particular time I think you must clearly understand that telecommunications services are now provided largely in a monopolistic environment. I have said before, in here and elsewhere, that once you are a monopoly, there has to be a trade off for the privilege of being a monopoly and that trade off has to be the regulations. I make no apologies whatsoever for saying that because the simple truth is that, in the context of a monopoly consumers have no choice.

As consumers, we must use the telephone services of Cable and Wireless, the electricity services of the Barbados Light and Power, the water services of the Barbados Water Authority or whichever other monopoly. Therefore, in the context of a monopolistic environment there must be effective regulation to protect the interest of consumers and businesses as well, who use the utilities’ services.

The second point I want to make about the role of the Fair Trading Commission in any area in which it operates is that the Fair Trading Commission wears a number of different hats. It is a multidimensional agency which will not only regulate utility services provided by monopolies while they remain in the hand of monopolies, but will also enforce rules of fair competition when markets for the same utilities’ services become effectively competitive, and will also have to ensure that there is protection of the rights and interests of consumers. Any time the Fair Trading Commission seeks to exercise its functions, its powers and its role, it cannot take a blinkered or a biased approach, neither can it lean blindly in favour of any party or any interest. Because the Fair Trading Commission – by virtue of the functions which are set out in the legislation, indeed, I would say, even by virtue of its very title and the different hats that it wears – must be F-A-I-R. Of course, those who do not comply may well do well to be also in a state of a bit of F-E-A-R but the Fair Trading Commission is to be F-A-I-R at all times.
3.35 p.m.

So the Fair Trading Commission will not predispose to the interest of shareholders in the utility company or to the interest of objectors at a rate hearing but will seek at all times to get to the bottom of the matter in a fair and objective manner.

In relation to telecommunications, while on the one hand, yes, the right conditions must exist or the right conditions must be created for attracting investment in the telecommunications sector and for ensuring a reasonable rate of return on any capital invested, the Fair Trading Commission will also seek to ensure that consumers and businesses alike are provided with high quality and reasonably priced telecommunications services.

Of course, for the Fair Trading Commission to be able to function in that manner, it is critical that the Fair Trading Commission be a truly independent, accountable and transparent body. Independence here, of course, refers not only to a minimum involvement of the political directorate. Everyone is always quick to talk about political involvement and the potential for political involvement but this independence refers not only to minimum involvement of the political directorate, but also that there must be no real chance at what is referred to as regulatory capture by anyone industry.

I am satisfied, given the fact that the Fair Trading Commission is a multi sector agency, that the chances of regulatory capture by any one industry, be it telecommunications, electricity or whatever, are virtually nonexistent. I want to set that in perspective to show how the Fair Trading Commission interfaces with the area of telecommunications.

I think the Honourable Member for Christ Church East did a very thorough presentation but, of course, I still want to make just one or two points during the course of my presentation this afternoon. The first point that I want to touch on is the issue of cost-based pricing which is mentioned in the Green Paper on Telecommunications Sector Policy. In fact, the Chief Executive Officer of Cable and Wireless for Barbados and the Windwards – I think it is – has spent quite a considerable period of time requesting that there be this introduction of cost-based pricing in relation to the telecommunications sector.

Now, if cost-based pricing carries as a fully settled policy by Government, well, so be it. But when people seek to have cost-based pricing introduced, they had better really carefully understand what it is that they are going to be in for because I well remember the late Wendell McClean – God bless him and may he rest in peace – was always adamant in saying that, if one ever got to the bottom of the true cost in relation to the Barbados Telephone Company Limited, far from there being any justification for increasing rates, he felt it would have clearly been found that in fact, there would be a strong case to have the rates reduced rather than increased. I am always guided by words of wisdom, certainly the words of wisdom that emanates from people of the eminence and the intelligence of the late Wendell McClean.

Therefore, those who request cost-based pricing must understand that the Fair Trading Commission is going to be getting to the true cost. It is not going to be a question of someone coming and saying this is my cost and therefore I need to get this price. The cost must be fully submitted and substantiated.

Now, the stories about the Public Utilities Board are replete with the difficulties they have encountered over the years in getting the information that they requested. The Public Utilities Board never really had a lot of power in the Public Utilities Act, which is really very, very antiquated. In fact, the more I think about it, the more those who serve on the Public Utilities Board have my sympathies for operating through the years with such an antiquated and almost useless piece of legislation.

Asides.

Hon. R. St. C. TOPPIN: The Honourable Member for St. Philip South said thank you, but we thank him as well.

The fact is, the Public Utilities Board had no teeth to gather information from utility companies to really find out what the true cost was really like. Therefore, in all of this they had to rely on full disclosure on the part of the service provider for all cost information and this point is really not made lightly.

Any Government in the reform of a regulatory system would know that it cannot rely on a utility company to volunteer information freely. That would be really idealistic. It really would not be based on past experience. So provisions have been made in the Fair Trading Commission Act to give the Fair Trading Commission very wide-ranging powers in relation to the gathering of information.

The provisions that are in this Act are not in here by accident and they did not just happen to be in here. This was based on many discussions, as I said, with the Public Utilities Board and the difficulties that they were encountering as well as the words of wisdom emanating from people of the eminence of the late Wendell McClean *et al.*

The Utilities Regulations Act, at section 18, gives the Commission the authority to request any information that it deems appropriate from applicants seeking adjustments in rates, service standards or the principles for determining rates. That is a very broad power given in the Utilities Regulations Act.

In the Fair Trading Act itself, section 26 gives the Commission very, very far-reaching investigative powers. I think I should take a little time to read it so that one will understand that the Fair Trading Commission is not really a paper tiger in the whole process of the regulation of utilities companies and that those who are arguing a case for cost-based pricing will understand what it is that they will have to be up against.

Section 26 speaks clearly as follows:

- c. For the purpose of the discharge of any of its functions under this Act or any law that the Commission has jurisdiction to administer, the Commission shall have the power:
1. to hold inquiries;
 2. to administer oaths;
 - (c) to summon and examine witnesses;
 4. to compel the production of such books, records, papers and documents as it may deem necessary or proper for any proceeding, investigation or hearing held by it;
 - (e) to examine the documents produced;
 - (f) to require any documents submitted to the Commission be verified by affidavit;
 - (g) to seize documents.

Now this provision of seizure, subject to the provision of Section 27 where it must be subject to suspicion, is carried out in conjunction with a suspicion of an offense being committed.

- (h) adjourn investigations, make cash purchases, inspect goods and do all necessary and proper acts in the lawful exercise of its powers or the performance of its duties.

3.45 p.m.

That Section 26 must further be read in conjunction with Section 45 which talks about the penalty for wilful default by a service provider in furnishing information.

That says:

“Where the Commission serves a notice on a director or an officer of a service provider or business enterprise directing him to furnish to the Commission any information which the service provider or business enterprise may be required to furnish under this Act or any other Act relating to consumer protection or fair competition that the Commission has jurisdiction to administer, and the director or officer wilfully refuses or fails to furnish the information in the manner directed by the Commission and Act within the time stated in the notice, the director or officer so at fault is guilty of an offense and is liable on summary conviction to:

A. A fine of \$50 000;

B. A further fine of \$10 000 for each day or part thereof during which the offense continues.”

Sir, it is not by accident. It is by design that these provisions are contained in this legislation. Based on past experience it is not always possible to get information that you need from utility companies. It was felt imperative that the Fair Trading Commission be given the power to request information and to go and get it.

Furthermore, if you do not supply it, you are also being subjected to a daily recurring fine. The only thing that could happen to the fine is that, if at anytime it is realized that it is not being sufficiently effective, I will be back in here again to get it raised. But there will be no downward movement of that fine.

Sir, the Fair Trading Commission clearly has very, very wide information gathering powers. Now care will also have to be taken, of course, to ensure that satisfactory accounting systems are put in place particularly in the context of amalgamated companies, because you must ensure that there is no artificial cross subsidization. Again, the Fair Trading Commission will be able by virtue of its powers to access all information to get to the root of the problem.

Another point that I want to make in relation to cost-based pricing is that it is all well and good to speak about cost-based pricing in relation to certain regulated centres. But there are a number of centres that are not regulated where, if they are not regulated, we cannot fix any prices. Certainly, the Fair Trading Commission will have the power pursuant to all that I have just read to request information on those unregulated centres to assist in making a decision in relation to the regulated centres to ensure that there is no cross subsidization.

Sir, just let me give you some examples of what I am talking about. Right now each of us who has a telephone pays about \$3.00 per month for the rental of the telephone set. The telephone itself costs about \$15.00. So you repay for the telephone after five months but you continue to pay \$3.00 per month *ad infinitum* for that telephone to the service provider. Now what is the cost involved and what is the price which they are charging? Should that also be looked at when we are trying to fix rates in relation to the regulated centres? I am not really a technical man but this is not regulated; the price being charged for that to some businesses is BDS\$600.00 per month. Compared to some other countries, this is the highest rate being charged in the entire Caribbean for local leased lines. I am told that in places like Antigua it is EC\$125.00 per month, but you are paying, in Barbados, BDS\$600.00 per month.

Sir, these things would have a certain price in relationship to the cost. In my submission, the Fair Trading Commission, although it can only regulate local and international telecommunications services, would have to look at those other unregulated services and it must have the power to call them in to see exactly how much profit is being creamed off out there or if there is any cross subsidization as well between them and the regulated services and passing on the cost to any of the regulated services.

Sir, those points I really wanted to make in relation to the issue of cost-based pricing. As I said, if it carries as a policy so be it, but those who are pushing for it had better understand what the Fair Trading Commission will demand to get to the real cost. I think that the Fair Trading Commission must have the right to determine its information needs and that is a principle which must be preserved at all cost.

In relation, Mr. Deputy Speaker, to rate setting, I will join this debate today without fear. Currently, the Fair Trading Commission has the right to determine rates for utility services including, of course, the telecommunications service. I believe that the Commission, particularly in the context of a monopolistic situation, must not in any way be constrained or obstructed from carrying out its mandate in that regard.

Now in terms of rate setting, the Government of Barbados has committed itself to the adoption of what is called incentive compatible price setting mechanisms. As I said earlier, there will be a move away from simple rate of return regulation, where there is no incentive for efficiency but increases in operating costs will automatically be passed on to the consumer whether it is justified or not. Also, we have a situation where we are going to provide incentives for efficiency where you can make more profit and pass any profit gains back to the consumer in the form of lower prices. That really is a matter of policy and really, Mr. Deputy Speaker, in my respectful view, I think that is where Government policy begins and ends in the context of a single monopoly supplier.

Sir, I am saying this. What incentive compatible price setting mechanism is used and how rates from the utilities companies are set should be left exclusively for the Fair Trading Commission to determine. I think that I have a duty to say that. Therefore, I think that the issue of a flat rate versus a metered rate for telephone services seems to be a matter of rate determination and should in my view be best left to the regulator, the Fair Trading Commission. I firmly believe that the matter of rate making has to be based on accurate cost information whether a flat rate or metered rate is to be applied. I think also that the regulator, possessed of all the technical skills, is the best placed entity to determine the rate making methodology. Flat rates and metered rates,

or a mix of both, are all in my view methodologies which fall squarely within the remit of what the Fair Trading Commission is empowered by law to do. That is my view.

Sir, in relation to a mix, again in the context of a single supplier, I do not think that a mix in terms of having a flat or metered rate will be an easy thing to execute. Because you are asking the regulator to make a guess as to how many people are likely to opt for a metered rate and how many people are likely to opt for a flat rate. Therefore, to really be able to make a scientific and technical evaluation in relation to cost in circumstances where you are substantially guessing as to how many people will do what, I think that it will be fairly unrealistic to seek to implement in the context of a single supplier or monopoly. If another player entered the market and wanted to go to the Fair Trading Commission to say that they wanted to introduce metered rates and they say that, 'Yes, it can be entertained', then the consumer will have a choice to stay with the company with the flat rate or go with the company that asked for a metered rate.
3.55 p.m.

In the context of one single supplier, I do not think that a mix of options is going to be easy or even possible to implement. That really is my view.

One point I want to make in relation to rate setting is that all current informed opinion speaks of a convergence of voice data and video in the context of the future development of telecommunications technology. With respect to voice, people tend to think of voice now as only going over a telephone, but information available suggests that it is more than likely that in the very near future the use of the internet for voice transmission, in what is referred to as real time where you get no delay between when you say something and when it is heard on the other side, can more than likely be a reality in the very near future.

In fact, Cable and Wireless is the one major telecommunications service provider that has recently announced plans that it will most likely move in that particular direction.

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

Hon. R. St. C. TOPPIN: The question therefore would be whether you would really wish to introduce a metered rate system for voice transmission in the context where the future of voice transmission may well lie in the internet as opposed to the telephone. Some members may wish to give that some thought.

The last point, Mr. Deputy Speaker, and I have a couple more, but this is the last major one, is the issue of

competition. The legislation speaks very clearly to the issue of competition. The fact that deregulation speaks to when a service will be deregulated, I want to say that the fact that a service is liberalised in and of itself does not mean that it can be deregulated there and then. The debate will wage on as to whether or not, in the context of utility services, particularly in the context of our small economies, there can ever be really full-fledged competition in the area of utility companies. Entry costs are so high in the area of utility provision that it may well be that you may not be able to deregulate as soon as you liberalise. Therefore the Bill provides for deregulation in the context of the market becoming effectively competitive.

I also want to say that the fact that you have just a second, or even a third player in the market does not mean that there is effective competition, particularly when you would have to look into things like interconnection with the dominant service provider who has been there for years. It is not automatic that having two or three additional players means that you have effective competition and that is why the wording...

Mr. DEPUTY SPEAKER: Honourable Member, your time has expired.

Hon. R. St. C. TOPPIN: Mr. Deputy Speaker, I want to thank you very much and I want to commend the Honourable Member for bringing the Green Paper today to further

stimulate the discussion that it has already stimulated before the Government settle on its policy; and I am sure that other Honourable Members will also speak during the debate.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, this is a very good time, four o'clock. I would beg to move that further consideration of this Resolution be postponed.

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

The question was put and agreed to.

ADJOURNMENT

Hon. D. A. C. SIMMONS: That brings us to the end of Government's Business for today. We will hold the Reply to Parliamentary Question No. 32 until the Minister is here to give it.

Mr. Deputy Speaker, I beg to move that this House do adjourn until Tuesday, February 20, 2001 at 11.00 o'clock in the morning.

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

The question was put and resolved in the affirmative without division, and Mr. DEPUTY SPEAKER adjourned the House accordingly.
4.02 p.m.

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FIRST READING OF BILLS**Hon. D. A. C. SIMMONS 2**

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ORAL REPLIES TO QUESTIONS**Hon. D. A. C. SIMMONS 2**

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Thompson was ready.

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and 44 were suspended for the remainder of the
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GOVERNMENT BUSINESS**ORDER NO. 4 – RESOLUTION TO TAKE NOTE
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Mr. D. J. H. Thompson, 16; Hon. R. St. C.
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SPEAKERS IN THIS ISSUE

EASTMOND, Hon. R. C. (St. James North)
FARLEY, Hon. R. R. (Christ Church East)
SIMMONS, Hon. D. A. C. (St. Thomas)
THOMPSON, Mr. D. J. H. (St. John)
TOPPIN, Hon. R. St. C. (St. Michael North)