

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1999 - 2004

HOUSE OF ASSEMBLY

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HOUSE OF ASSEMBLY Pursuant to the adjournment, the House of Assembly met at 10:00 a.m.

PRESENT

Hon. D.A.C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs)(Leader of the House) Mr. D.J.H. THOMPSON, LL.B.(Hons.) (Leader of the Opposition) Hon. R.C. EASTMOND, J.P., B.A.(Hons.), Dip. Ed., LL.B. (Hons.), LEC (Minister of the Environment, Energy and Natural Resources) Mr. D. CARTER (Chairman of Committees) Hon. G. A. CLARKE, B.Sc., Dip. Ed.,J.P. (Minister of Housing and Lands) Hon. H. F. LASHLEY, (Minister of Social Transformation) Hon. R. StC. TOPPIN, LL.B., (Minister of Commerce, Consumer Affairs and Business Development) Mr. D. St.E. KELLMAN Miss H. E. THOMPSON, LL.B. Hon. Miss M. A. MOTTLEY, LL.B. (Minister of Education, Youth Affairs and Culture) Mr. M.Z. WILLIAMS Mr. D. T. GILL, B.Sc. Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil., (Minister of Agriculture and Rural Development)

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, March 6, 2001.

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

Rt. Hon. O.S. ARTHUR: I beg to second that, Sir.Mr. DEPUTY SPEAKER If there are no corrections or observations, then let these Minutes stand confirmed.

PAPERS

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

Value Added Tax Order, 2001.

Value Added Tax (Almond Resort Inc.) Order, 2001.

Hon. H. F. LASHLEY: Mr. Deputy Speaker, I am commanded to lay the following

1The Annual Report of the Urban Development Commission for the financial year ending March 31st, 1998.

SUSPENSION OF STANDING ORDERS

Hon. D.A.C. Simmons: Mr. Deputy Speaker, I beg to move that the following Standing Orders 6, 16, 18, 20, 42(5) 43 and 44 be suspended for the balance of today sitting.

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

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

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

GOVERNMENT BUSINESS

ORDER NO. 1

THE APPROPRIATION BILL, 2001

Rt. Hon. O.S. ARTHUR: Mr. Deputy Speaker, it is my honour, in accordance with Section 109(1) of the Constitution of Barbados, to carry out the responsibility of initiating a debate on the Appropriation Bill to provide funds under various appropriate heads, as required by the Constitution, for the several services required to fulfill the responsibilities of the Government.

Sir, at the outset allow me to place on record my deep debt of gratitude and thanks to the public officials in the Ministry of Finance, who are sometimes much maligned, the other public officials and my Ministers who would have greatly assisted me in ensuring that these Estimates of Revenue and Expenditure have been prepared during a period that has been for me more exacting than usual.

Sir, I offer no apology but just wish to observe that ordinarily the months January to March are unusually busy months for the Ministry of Finance. This year I have had to assume responsibilities to CARICOM as Chairman of CARICOM and chair the Heads of Government meetings. I have also had to assume unusual and unexpected responsibilities on behalf of the Commonwealth relating to OECD matters. I have had to rely more greatly than ordinarily on the public officials in the Ministry of Finance and my Ministers. I really do want to offer them my deep gratitude.

I also want to add that although I may have been preoccupied with other matters you can be sure that these Estimates have been prepared with the usual scrupulousness, attention to detail and with the intention of having Government's fiscal policy continued to be used as an instrument for social and economic development for the country. However, I want at the outset to accept full responsibility for any errors that may be contained in the Estimates.

Mr. Deputy Speaker, I also feel it necessary to observe that this is the Budget debate, this is the 'real macoy'. As indicated during one of those controversies for which Barbados is becoming famous, by reason of a lack of immediate crisis, this debate called the Estimates debate really takes us to the heart of public sector budgeting. During the course of this week, Mr. Deputy Speaker, we will have the opportunity as a Parliament, to reflect on how much Government intends to raise in revenue from the various taxes that it has at its disposal, how much it intends to spend, how it intends to allocate that revenue and its other resources across Ministries. In so doing, we will come into contact with Government's specification and determination of its economic, social and political priorities.

We will also come into contact with Government's perception and articulation of the direction along which it wants to take the country as we propose to meet the major challenges facing the nation.

Mr. Deputy Speaker, I believe that this Budget has to be discussed in terms of the way it fits into the social, economic and political situations that face the country and the way in which it lends itself to generating progress across the various fronts where challenges are facing the country.

Mr. Deputy Speaker, I hope that we will have a constructive debate. I pledge on this side that we will use this opportunity to speak seriously to the urgent matters facing the country.

Sir, I would wish at the very outset to capture this year's Budget in one word and to say that this year Budget is intended to be 'expansionary'. It is intended primarily to ensure that the economic growth and development which have been realised by the country over the course of the last eight years are sustained into a ninth year and that foundations are laid for the continued material expansion of the economy into its tenth year. This Budget has a primary responsibility in seeking to ensure the continued orderly expansion of the Barbados economy into a record tenth year, something that would be without precedent in the entire history of this country. Mr. Deputy Speaker, it is also intended to promote continued economic stability in a period of great volatility and turbulence regionally and internationally. On the social side, it is intended to serve the purpose of enabling the country to aggressively confront certain threats to human security in Barbados. I cannot overemphasize the severity of those threats nor can I overemphasize the seriousness and sense of aggression with which the Government intends to confront the threats to human security.

This set of Estimates of Revenue and Expenditure are also designed to support a broad and exciting programme of social development and transformation spread over every area of social endeavour open to the Government. It features the extension of a range of new social opportunities and the expansion of the scope and scale of facilities and amenities available to the ordinary man and woman. It is also intended to sustain and deepen our fight to eradicate poverty in this society and to spur on the creation of employment creation in a society that has already done well in relation to the creation of employment.

10:25 a.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O.S. ARTHUR: In the final analysis, Mr. Deputy Speaker, it is intended to bring us closer to that goal that we all seek of transforming this country into a cohesive, well-ordered and fully developed society.

Mr. Deputy Speaker, I, therefore, ask that the outline of the Budget that I propose to present today, be judged in terms of its capacity to facilitate continued expansion of the economy; in meeting head-on all threats to our human security; the preservation of stability, while surrounded by volatility turbulence, and its sponsorship of a wide and exciting range of social initiatives that can really make Barbados as a small society, a model of human development. I ask, Sir, that what I am about to present be judged with reference to the specific criteria.

I will obviously, Mr. Deputy Speaker, want to present these Estimates of Revenue and Expenditure by taking into account the recent performance of the economy and by setting them within the context of the immediate outlook for the economy and the real economic challenges facing the society. I will go to great lengths in this presentation as well, Sir, to spell out the thrust of fiscal policy. The Government this year wants to use fiscal policy for expansion purposes beyond what would have been conceived as the role of fiscal policy in the immediate past.

I will use the opportunity today, Mr. Deputy Speaker, to make some announcements in relation to a more liberal exchange control policy. As well, I will make announcements today regarding an interest rate regime for Barbados to further spur on the expansion of the economy. I will also try to link what we are doing by way of Government expenditure on Budget, with a number of initiatives off Budget, under the control of a number of state enterprises, that are all intended to facilitate the continued expansion of the economy.

I also want especially to touch on a number of issues that go the heart of a contemporary development, not the least, Mr. Deputy Speaker, tax reform, issues pertaining to the land policy and development, the thrust of sectorial policies and matters of that character.

I begin by setting this Budget against the background of our recent economic performance. Mr. Deputy Speaker, shortly when I come to reflect on my stewardship as Minister of Finance, I will regard the year 2000 in the same spirit as I regard...

Asides

Rt. Hon. O.S. ARTHUR: Sir, I am being interrupted by my friend, the Honourable Member for St. John.

Asides

Rt. Hon. O.S. ARTHUR: Sir, may I not be interrupted by the Honourable Member for St. John. My head is hurting me very badly and he is causing me more headaches.

Sir, I will have to regard the performance of the economy in the 2000 in the same context and with the same deep sense of satisfaction as I regarded 1995. It is always good, Sir, when you get to claim credit when things are expected to go well. But you really have a responsibility to claim good credit when things are not expected to go well but do go well, Sir.

I remember 1995 well, Sir. We had just taken over the Government and the sugar industry had plunged to 38 000 tonnes, the lowest production in the century; there was to be no English Cricket Tour and the outlook for tourism was grim; a Japanese investor called a 40 million-dollar loan which we had to repay in one fell swoop at a time when the balance of payment was still very delicate. I remember, Sir, the week before the Budget the Barbados Central Bank revised, to the glee of the Opposition, the growth estimate for the economy from 2.5 percent to 0.1 per cent. There was great fear in 1995, Sir, of the economy plunging back into recession, with severe balance of payment problems and severe problems for the real sector.

Happily, the Government had, up-front, set a tone to provide new confidence by removing the duties on manufacturing and agricultural imports. There was a mood of confidence in the country and far from a reversal into the economy, the economy grew by 2.8 percent, much faster than was anticipated at the start of the year, contradicting the Central Bank's 0.1 per cent in its revised estimate. There was no fiscal disorder, Mr. Deputy Speaker nor there was any foreign exchange problems or anything of the kind.

Similarly, Mr. Deputy Speaker, you will recall that sometime in late 1999 there were great outrageous statements being made by certain opposition elements, about the possibility of a major recession in the Barbados economy. You will recall, Sir, that there was a little tightness in the liquidity in 1999. The Opposition spokesmen serenaded the public with the prospects of a major recession.

Sir, there is a gentleman who speaks on behalf of the Opposition, he was suffering from 'Foot and Mouth disease' before it became a problem in Europe. His mouth is always open and his foot is always in it. He is my favourite contortionist. I know what it is to be an Economist in political life but as an Economist in political life, you are never to lose sight of the discipline and you are never to, in your anxiety, make ridiculous political statements to put your economic judgement in a peril.

We have been regaled from time to time by the contortions of the spokesman on financial and economic affairs on the other side. He has had about ten different positions on the Value Added Tax. For example, he felt that we should have no VAT on food and then we must have a VAT on food and then you should not put a VAT on the hotel sector. The Honourable Member for St. Michael North West knows him well, Sir.

Last year he was in a zone. So great was his relish arising from the fact that we had a little liquidity problem in September, that an item appeared in the Press: "Mascoll Predicts Economic Slump." He predicted that the economy would grow by between 0% to 1% during the course of the economic year. The statements were carried by the newspapers with great fanfare. They said "Mascoll says economy on disaster path." Mr. Deputy Speaker, he predicted that the VAT rate was likely to increase. The newspapers carried such statements as "Mascoll says the economy takes a dive; Economy Struggling and Economy Poor."

Sir, the Leader of the Opposition, I know, tends to regard his spokesman with dispassion, because he has been greatly reluctant to give him full responsibility for economic affairs. He too was so persuaded by the tale of doom and gloom that he too departed from his usual more measured approach to these matters and went on record: "David's Warning - Opposition Leader gives gloomy forecast for 2000."

Sir, the year 2000, if the Opposition had anything to do with it, Sir, was going to be a year when, in their very words, our economy was intended to go back to levels that were worst than 1991 and 1992.

10.35 a.m.

Monday, March 12, 2001

Continuation of Rt. Honourable O. S. ARTHUR: If they had their way, we were to have been conducting this Estimate debate, having to report to the House a major recession in the economy in the year 2000, a collapse in the Balance of Payment, the raising of the VAT - all of these things were things the Opposition put on record as their prediction as to what was happening in the Barbadian economy. That is why I said that the spokesman on the other side is suffering from a bad case of the foot and mouth disease. His predictions now have to be appraised in the very, very direct light of the outcome of the economy.

It is, therefore, Sir, with a sense of great pride and pleasure, that when so much dire distress was predicted by the Opposition to be intended for the Barbadian economy, on behalf of this

Administration, I am proud to be able to report that far from being a year of dire economic distress the year 2000 will now have to go down in history as an outstanding economic success in the Barbados economy and one in which the economy, in all of its vital parameters performed far greater than projected.

If I can illustrate, Sir, rather than growing by Zero per cent as the Opposition said, in 2000 the economy grew by 3.7 per cent. To make meaning of that Mr. Deputy Speaker, we have set up a sustainable rate of growth for the economy of 3 per cent. Last year the economy grew at a faster rate than we had set as the sustainable growth of the economy. Last year it grew at a faster rate than the average for the past five years. The annual average rate was 3.1 per cent, last year it grew by 3.7 per cent. May I also say, Sir, that the Opposition was speaking as well to the fact that the previous growth was brought about largely by the economy in the non-trading sectors and the spokesman from the other side, the Contortionist, said that 'this was evidence of a "crack" in the economy'. Those were his exact words, Sir.

I am also proud to be able to report, Sir, that our growth last year was led by the foreign exchange earning sectors which grew by 5.3 per cent as compared with a growth of 3.3 per cent in those sectors of the economy that consume foreign exchange.

Above all, Sir, we all have to be pleased that the growth was driven in large measure by the tourism sector which grew by 8 per cent. You have to emphasise these things because you hear cheap, loose talk coming from the Opposition and from persons in the rest of the society who would cause us to doubt our very eyes. We are led to believe that crime and violence has so destroyed our tourism sector Mr. Deputy Speaker, that tourism is in crisis. Yet last year, our tourism performance was a record. Indeed, the 8 per cent growth of the sector was the driving force behind the Barbados economy. I, therefore, I ask: at what stage are we going to pause and to see what is happening in this country and come to terms with the facts rather than the perceptions that people would want to force upon us. There is no crisis in tourism, Mr. Deputy Speaker. And if there is evidence that crime and violence in the country has destroyed tourism, that is not being borne out in the numbers, which say very clearly that tourism grew by 8 per cent last year and long stay visitors grew by 6 per cent, cruise passengers grew by 23 per cent, a record performance.

I am also pleased, Mr. Deputy Speaker, that in a year when we were supposed to have experienced a dramatic collapse in the Balance of Payments, if we were to believe the Opposition spokesmen that the Net International Reserves grew by \$336 million. When we net out the borrowing of \$200 million there was still a substantial independent increase in our Net International Reserves reflecting a strengthening of this country's capacity to earn the foreign exchange to support its development. It is to the credit of the country Mr. Deputy Speaker, that we go into the year 2001 with Foreign Exchange Reserves cover of over 23 weeks, nearly twice the internationally accepted target of 12 weeks reserve cover. Sir, these things matter.

It is also true, Mr. Deputy Speaker that last year far from us having a fiscal collapse, our Government financial position remained sound. Inflation was at a low rate of 2.4 per cent. More especially, Mr. Deputy Speaker, I am very proud that we have managed to sustain the continued creation of jobs in this country to the point, where at the end of the year 2000, we have recorded the lowest rate of unemployment ever in the history of this country.

Mr. Deputy Speaker, Sir, we sometimes do not give ourselves the full credit for what we are achieving. The unemployment rate of 9.3 per cent recorded in Barbados at the end of 2000 has to be evaluated in the context of changes in the adult population, changes in the participation in the labour force to fully understanding what that means.

Sir, the adult population of Barbados has grown by no more than 1500 people in the last six years. But the average rate of the adult participation in the labour force has grown substantially.

In 1991 the labour force participation rate, the percentage of the adult population looking for work or were willing to work, stood at 65 per cent; in 1992 - 66 per cent and these are high participation rates for developing countries. In most developing world it is about 50 per cent. In 1993 the adult participating rate was 66 per cent, in 1995 - 67 per cent and through to 1999 the labour force participating rate was 67 per cent. But at the end the year 2000 the adult participation rate was 69.2 per cent. So had the participating rate, Mr. Deputy Speaker, remained at average of 67 per cent as it was over the course of the 1990's the unemployment rate with 127 people employed would really have been only 7.3 per cent rather than 9.3 per cent that was estimated.

Barbados now has one of the highest labour force participation rate of any country in the world. The 69.2 per cent of the labour force who say that they are actively interested in working are doing so because they have the confidence that this is an Administration that is going to fulfil their expectations.

Sir, I really want to drive home that point that the unemployment rate has dropped despite the fact that the labour force participation rate has increased. The point, therefore, is that while the population only has risen by 1,500 the labour force has risen by 5,600 because there is a greater willingness on the part of the population to participate and one has to read this employment accomplishment, Mr. Deputy Speaker, in the context of that phenomenon. And I say so, Sir, because while the Leader of the Opposition was not as excessive as his spokesman on economic matters in relation to the dire predictions for the economy, he started the year himself by making predictions that 2000 would be a rough year in which many more Barbadians would find themselves out of work. He now too, has to give the public an accounting as to why those dire predictions could not now stand up to the light of scrutiny.

Mr. Deputy Speaker Sir, this Estimate Debate is set against the background of deep, substantial economic progress realized over the course of the last 8 years and more especially, Sir, the background of strong growth in the year 2000, strong external position, very, very positive performance in relation to job creation, low inflation and a sound fiscal position.

10:45 a.m.

Monday, March 12, 2001

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

Mr. Deputy Speaker, it is quite obvious, however that the immediate environment within which the Barbados economy will perform is one characterised by strong challenges, reflecting the crowding in upon us, of new and dangerous forces on all sides. Notwithstanding the economy in the year 2001 is projected to realise a ninth year of economic growth, with growth projected to be in the order of 2.5 per cent, in the context of continuing sound fundamentals, namely, strong balance of payments positions, low inflation and stable fiscal circumstances.

I must say, Mr. Deputy Speaker, that the year 2001, despite the prospect for growth, is one in which we all do well to recognise the very strong challenges with which we have to grapple in order to keep this country on a stable course.

In the wider international economy, the prospects of a downturn in the US economy are real and with it, Sir, the prospects for a downturn in the global economy. I say that, Mr. Deputy Speaker, because over 50 per cent of the recent global economic growth was accounted for by the surging growth of the United States economy and within the United States economy, a large part of its own growth arose from what was called the wealth effect. Many people appeared to be wealthier or were in fact wealthier because of capital gains on the stock market. With the decline in stock market values and a diminishing in the positive wealth effect, people will feel poorer and when you feel poor, you will spend less. There is therefore the prospect of the difficulties in the US market, Mr. Deputy Speaker, which might or might not be countered by a tax cut but we will wait and see.

Internationally, as well, Mr. Deputy Speaker, the international economy and the Barbadian economy are having to bring to account, the effects of some of the sharpest increases in oil prices in recent history. Again, Mr. Deputy Speaker, we on this side take a pride that we have so managed this country's affairs that we have faced one of the sharpest increase in oil prices in this economy but it has not had the kind of dislocating effects on the real sector, on Government's finances or on the balance of payments as oil price increases had in the 1970s and the 1980s. That should in and of itself tell you that you are speaking about a stronger, fundamentally more robust economy. But the fact is, Sir, that the spectre of oil prices hold itself forth as one of the things that can be a destabilizer of the global and local economy.

More to the point Mr. Deputy Speaker, Sir, the world is about to embark on a process of accelerated trade liberalisation. This has very considerable implications, some potentially negative for some of the traditional sectors of the economy. I really want to spend a little time speaking to these issues because they set the context within which economy activity must be contemplated.

Sir, in 1994, when the Honourable Member for St. John had his one - and only one - opportunity ever to present a Budget to this country, he did so five days before Barbados made commitments to the World Trade Organisation (WTO). But he was not careful to spell out what the implication of our acceding to the WTO meant. He did not say one word, Sir, although our accession to the World Trade Organisation then, had profound implications for activity subsequently and will have profound implication for activities to come.

The implications simply, Sir, are these. Our traditional sectors, manufacturing and agriculture, would hitherto have developed behind the safe barriers of non-tariff constraints, such as the use of licences, quotas and sometimes outright ban of goods. But with our accession to the World Trade Organisation, the use of non-tariff barriers such as licences, quotas and other such artificial restraints to trade, was put behind us. Barbados, like all countries contributing to the WTO had to give commitments to use only tariffs as the basis of providing protection for its industry.

Equally, Mr. Deputy Speaker, commitments were given in April 1994 in relation to the acceptance of certain principles of nondiscriminatory, (that is, you had to treat your domestic industry the same way you treat your foreign industry), the extension of national treatment and also, the precept of reciprocity - namely, that what we did to others, we should expect that others would do to us.

Mr. Deputy Speaker, we have worked out the full effects of the 1994 commitments. In 1994 it was agreed that all the licences and the non-tariff barriers that were used to support agriculture and manufacturing would be phased out and we will have only temporary surcharges as our principal forms of protection for those industries. But that is the past.

The present is, Mr. Deputy Speaker, that the Uruguay round that ended in 1994 left a built-in agenda. The world agreed that no matter what was going to happen with future multilateral negotiations in trade, irrespective to whether you are going to include things such Government procurement, labour standards or environmental standards in these multilateral trade negotiations, that come the year 2000 a new round of multilateral negotiations was going to begin to further liberalise trade in services and to further liberalise trade in agriculture. That is the built-in agenda and it has implications for Barbados.

Mr. Deputy Speaker, the implications are that a further liberalisation of the trade in agriculture internationally, will mean that the European Union will have to give commitments each year to reduce their domestic price supports under the common agriculture policy of the European Union.

Our sugar receipts are linked to the prices paid by the European Union for its domestic sugar. Therefore, Sir, as a result of there being a built-in agenda for agriculture under the WTO, we can anticipate that every year, as the European Union reduces its subsidies to its own agricultural products, the price paid for our sugar will be reduced. We therefore face the prospect that the multilateral negotiations that will continue in agriculture, Sir, will worsen the circumstances of the sugar industry.

Sir, this is not a theory. All countries of the world, in pursuit of obligations entered into on the conclusion of the Uruguay round, have already put on the table, negotiating positions to carry out further liberalisations of the world's trade in agriculture.

Equally, Mr. Deputy Speaker, all countries of the world have already put on the table, negotiating positions to further liberalise the world trade in services. Barbados, Mr. Deputy Speaker, has been evolving as a service economy. We have to be circumspect in how far we give commitments to further liberalise our services sector because we will have to get something in return.

10:55 a.m.

Monday, March 12, 2001

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

Mr. Deputy Speaker, the overarching issue here is that over and beyond the continued multilateral negotiations in agriculture and trade in services the one major decision that arose out of the meeting of President George Bush and Prime Minister Tony Blair was the commitment of those two leading countries of the world to try to force a new round of multilateral trade negotiations to begin this year.

Sir, may I say, that if there was to be a new round of multilateral trade negotiation this year, beyond the built-in agenda on sugar and agriculture, it could have profound implications for developing countries for reasons which I shall be at pains to outline.

The developed countries of the world had seven rounds of trade negotiations spreading over 50 years beginning in 1947 to bring their economic house in order to accommodate the full effects of trade liberalization. Trade liberalization has fiscal effects; it causes you to lose revenue. It has production effects; it can affect the performance of respective sectors of economy. It has corporate effects; it exposes domestic companies to competition from enterprises abroad.

The developed world through seven rounds of negotiations from 1947 onwards has phased in trade liberalization. In 1947, the average tariff in the developed world was 47 per cent. Over 50 years, they gradually phase in trade liberalization, cushioning each year the fiscal effects of that trade liberalization to the point where now they can live with average industrial tariffs of four per cent. A new round of accelerated trade liberalization will simply mean that the developing world, such as Barbados, may be asked to do in 10 years what the developed world did in over 50 years. That is to absorb the fiscal production, and corporate effects arising from the dismantling of the barriers to trade in a very, very rapid time period. That is why all of us in the developing world who are speaking to this issue are urging that before we move to a new multilateral round of trade negotiations that extend beyond the in-built agenda in agriculture and services, we should pause, review, repair and fix the errors that were made in 1994 when the Uruguay Round was arrived at in a manner that did not protect the best interest

of the developing world.

I want, Sir, to join with the calls that have come from other countries in the developing world, such as the Caribbean and Africa, that before we move towards a new multilateral round of trade negotiations, we should repair, review and reform the Uruguay Round. I say that, Sir, because multilateral trade negotiations were supposed to have both benefits and bring cost. The cost was that you had to open your markets to goods coming from the rest of the world. The benefits were that the markets of the rest of the world were supposed to be opened to you.

The reality is that the market access and entry that the developing world such as Barbados was supposed to have had in the markets of the developed world have not been realized. The United States of America, Europe and others have continued to use anti-dumping devices and countervailing duties to block market entry from the developed world in instances where their own industries have been threatened, while monopolizing all of the advantages that have come from the openings in new sectors such as telecommunications and areas of the kind. So before we move to a new round, we must repair the old round and make sure that the benefits of trade liberalization are spread equally across the world rather than monopolized largely by countries that refused to practice what they preach.

Secondly, Mr. Deputy Speaker, there is no secret that access to dispute resolution mechanisms of the World Trade Organisation has proved to be either impossible or expensive for developing countries. In the Caribbean, we had a situation where a matter pertaining to bananas was dealt with by the World Trade Organisation involving the United States of America Government and the European Governments, but the countries in our region with a vested interest did not have a role at the table when a matter affecting their vital interest was being discussed.

Therefore, we believe that before we proceed, that the mechanisms for accessing dispute resolution systems and the panels of the World Trade Organisation have to be simplified and have to be made accessible to countries like Barbados because we too soon may need to access those dispute resolutions mechanisms in defence of our best interest.

Sir, there is a sense of urgency on the part of the developing world, which has had a long 50-year period, prior to the period Uruguay, to phase in trade liberalization now to accelerate further trade liberalization and the dismantling of barriers to the movement of goods and services. There is an urgency on the part of the developed world to bring things, such as Government procurement, labour standards, the environment and other things, that have not historically been disciplines governed by trade arrangements, within the context of the new multilateral round. We are saying that we should fix the systems first before we give commitment to a new round.

I am saying, Sir, that the whole country should anticipate that this matter is one that is going to engage our time because it is going to affect not only the prospects of the traditional sectors, such as manufacturing and agriculture, but it is going to have implications for our new sectors in services, for Government procurements, and things that historically have not been within the context of trade negotiations.

Similarly, Mr. Deputy Speaker, there are voices in the hemisphere that are urging that we should now set a new timetable for the accomplishments of a new Free Trade Area of the Americas for the year

2003 rather than the year 2005. That, Sir, happily have been opposed by Brazil and the Caribbean because we need time to prepare our economies to sensibly participate in a new Free Trade Area of the Americas. The original deadline was set for the year 2005 but even the year 2005 will be cutting it tight. Negotiating positions have been set out and are being considered by our trade ministers.

In the Caribbean, we have asked for a small state consultative group to be established and it has been established. We have sought to have special and differential treatment for the small states of the Caribbean within the context of the Free Trade Area of the Americas taken on board in all of the negotiating working groups where market access and Government procurements, rules and so on are being negotiated.

The Caribbean best interest would be savaged if the timetable for the launching of the Free Trade Area of the Americas was to be moved from the year 2005 to the year 2003. Equally, we would be savaged if the very strong case for special and differential treatment, that has been elaborated through the consultative group on small states, is not taken on board in all of the negotiating groups that are now functioning. That is why I say that our immediate economic circumstances are set within the context of these more challenging circumstances.

I would not have to impress upon the House the nature of the challenges which we are facing in relation to matters pertaining to the CARICOM Single Market and Economy. But just merely to give an update, there was a special consultation on the CARICOM Single Market and Economy in Barbados last year where we review where we had reached and decided where we should go.

11:05 a.m.

Monday, March 12, 2001

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

The House will be aware that nine protocols had hitherto been prepared. At the Barbados consultation, we agreed that our single market and single economy exercise should be WTO plus, namely that we should have a faster, deeper, broader process of liberalization among ourselves before we proceed to liberalization with the rest of the world. Also in every area where the Caribbean has not yet developed a process or programme for liberalization we should put one in place before we carry out international negotiations in similar disciplines.

Hence, Mr. Deputy Speaker, the nine protocols did not provide for liberalization in relation to government procurement, and we have set in train the Inter-Governmental Task Force to develop a protocol on that matter. There was no regional position on electronic commerce and we are now seeking to put a protocol in place to create a liberal regime for electronic commerce in the region. There was no regional position on activities within free zone areas nor did our protocols make provision for the most favoured nation precept to obtain whereby we undertake in the Caribbean to treat ourselves no worse in every circumstance that we treat the rest of the world.

The provisions for the single market are being updated and fine tuned to allow us to make those additions to the provisions to create a single market and single economy. Mr. Deputy Speaker, the core of the exercise, as the House is already aware, is the dismantling within the region of the barriers to the movement of capital, the provision of services and the rights of establishment of enterprise. In those three areas we have developed the criteria to inform the removal within the region of capital barriers to the provision of services and barriers to the rights of establishment of enterprise on the presumption that in the region we should practise, as I said, a faster, deeper and broader process of liberalization than we are prepared to give to the rest of the world.

Our provisions for capital movement within the Caribbean should be more attractive to Caribbean people than those we allow between the Caribbean and the rest of the world. All this, however, Mr. Deputy Speaker, will just make the environment within economic activity in Barbados for the future more challenging. As the barriers to capital movement, which have stopped companies from being able to be established, and the barriers to the movement of services are reduced, Barbadian enterprise which has hitherto relied upon things like capital account restrictions against movement of investment from the rest of the region will have to confront in short order a more testing investment climate.

I do not also have to go into any great depth as regards the challenge that our new sectors face from the OECD Harmful Tax Competition Initiative. I would just simply bring the House up to date as to where the matter has stood as at the last weekend. I want to say by way of background that the OECD Harmful Tax Competition Initiative has nothing to do with a fight against money laundering nor dirty money. The Financial Action Task Force is that part of the OECD Initiative that is dealing with matters pertaining to money laundering. They have drawn up a number of criteria that countries have to meet to be given a clean bill of health in relation to money laundering, and Barbados has met the 25 criteria established as the bench marks for a clean bill of health in relation to money laundering.

It has nothing to do with the quality of the supervisory or regulatory system for the financial sector. The Financial Stability Forum is concerned with that particular matter. Barbados has been classified as a category 2 country in respect of the quality of our regulatory and supervisory structures. It has to do with the fact, Mr. Deputy Speaker, that the developed countries have found themselves having to deal with the first real development contest in a new global society.

Mr. Deputy Speaker, the matter is simply that the revolution in information and communications technology for the first time means that the availability of natural resources is no longer the biggest constraint to a country's development. A lot of economic activity can now be undertaken in the most obscure places once they have the correct incentive regime, the correct business ethos and the correct human resource endowment. At the very start of this new globalization, many small countries that have no wide range of natural resources do in fact have all of the features that would allow them to evolve as major financial centres in the same way that London, Switzerland and Manhattan have historically been the major financial centres of the world.

London and Manhattan evolved as the major financial centers of the world by the use of a tax system where the interest earned on saving deposits or bonds in those markets by foreigners was not subject to tax, while the savings and bonds held by domestic enterprises in those jurisdictions were subject to tax. Places like Switzerland evolved as major financial centres of the world by allowing secrecy in relation to bank information and to tax information.

Many developing countries have adopted the techniques of development practised by London, by Manhattan and Switzerland in varying degrees. For example, the Bahamas have rested their international business activity on the use of secrecy in the same way that Switzerland has. Barbados has used a ring-fenced fiscal system, namely that we charge different rates of taxes on domestic entities as compared to foreign entities in our financial centre, in the same way that London and Manhattan have.

The developed world finds itself in a position where it now wants to claw back the activity in the international financial industry. The reason for this desire is that the international financial industry is the fastest growing area in the world and it is the area of economic activity where the developing countries have been making the fastest progress and, by reason of the new technology, can make substantial progress in the future. Sir, the OECD countries, which are a group of 30 developed countries, have decided that our practices are to be classed as harmful tax practices although, as I said, Manhattan, from 1921, has been allowing persons holding foreign accounts, some Barbadians included, not to have to pay interest on those foreign deposits whereas a New Yorker has to pay a federal tax at 39.6 per cent. London has grown up as a financial centre precisely because the British Government does not charge foreign bond holders withholding tax.

More to the point, Sir, the European Union has been carrying out a tax harmonisation project in which it is requiring the British Government for the first time to treat foreign bond holders in London the same way as it treats British citizens in London, and Britain has applied for a waiver on its obligation under the European Tax Harmonisation Project so as to be able to maintain London as a financial centre by charging no tax on foreign bond holders; but it is imposing a tax on the British people.

11:15 a.m.

Monday, March 12, 2001

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

What the OECD has done is to say that there is tax evasion caused by these financial and tax practices. However, they are going to ignore saving deposits and bonds at this time and are going to focus only on a category of financial activity which they will call 'geographically mobile financial services'. In relation to this sector they wish to introduce a programme to curb tax competition. They are saying that they will ignore what London, Manhattan and Switzerland are doing, but will pick those countries that have offshore sectors that depend upon secrecy or differences between foreign and local

people and will focus on them and destroy them.

Mr. Deputy Speaker, what makes it so criminal is this. In 1998, this OECD initiative would have died if Switzerland and Luxembourg rather than abstaining had vetoed it. They said that while they were members of the OECD they would not be bound by the report.

We have a basic injustice in the world where Switzerland, which is a member of the OECD, has dissociated itself from the OECD report and has said that they will continue to practise bank secrecy while the OECD is asking developing countries like the Bahamas to have exchange of information on tax and bank matters that destroy the practice of secrecy.

Mr. Deputy Speaker, countries like the Bahamas will find themselves, if they were to agree to remove secrecy, yielding an enormous advantage to the OECD because they would lose their businesses immediately. It will go straight to Switzerland which has told the OECD that despite the fact that they are a member of the OECD that they will not remove secrecy.

In a similar way, Sir, they want Barbados to remove the discrimination between tax on domestic and foreign income earned from the financial sector. We would be unwise to remove the distinction between tax on income earned in the financial sector and between foreign and local enterprises, while Britain and New York continue to maintain the distinction. All we would succeed in doing is to transfer business from our jurisdiction to those other jurisdictions which are practising precisely what they tell us is wrong.

Sir, this is a matter in which you know that if you do what the OECD wants you to do, then the result is your certain destruction. There are times when you know that if you come to a precipice, to go forward mean you will go over to your destruction so you must stand where you are and fight.

We have decided that this is struggle that we have to be a part of because first of all the process was wrong. As I have said, two countries that are members of the OECD said they would have nothing whatsoever to do with the application of the OECD principles contained in its 1998 Report. Then the OECD decided they would develop a programme for removal of harmful tax practices, to be carried out by us without our being involved in the development of the programmes.

Sir, the process was wrong but, so was the substance. The OECD has launched an attack on only a small subsector of international financial services while leaving London, Manhattan, Switzerland and others to continue in relation to saving deposits and bond holding, to practise exactly the same policies that they want the developing countries to dismantle.

Mr. Deputy Speaker, there has never yet been a programme of cooperation in tax matter. Rightly so because taxation is a matter that has ordinarily been left to internal responsibility of sovereign jurisdictions.

As you know, Ministers of Finance generally, cannot in Barbados intrude into people's tax affairs or give directions to the Commissioner of Inland Revenue about individuals' income tax. However, we feel that on matter pertaining to cross border taxation, there should be exchange of information programme. Barbados has no difficulty agreeing to this because our international financial and

business sector has, in fact, rested on exchange of information agreement as part of double taxation agreements. While we can agree that a programme of cross border cooperation in tax matters can take into account exchange of information, we are concerned that exchange of information should be limited such that there is no draconian intrusion into the privacy in relation to tax matters or to bank accounts.

Sir, we also feel that countries should not be allowed to go on fishing expeditions such as the OECD wants, whereby any country in the OECD can request tax information whether or not the matter is a crime in the OECD or the jurisdiction from which it is seeking the tax information or that any country of the OECD can request information about the taxes or bank accounts in our country irrespective of whether or not the country requesting wants to use it for any purpose whatsoever.

We feel that while we can agree to a programme of exchange of information there have to be limitations about how far you go in such a programme of exchange of information.

Equally, Mr. Deputy Speaker, we feel that cross border tax matters should also be based on precepts of nondiscrimination since it is a precept known to be international public law. Again, it has to be applied across the board. Barbados is not going to agree to dismantle a discriminatory tax system while Britain and the United States keep one in place.

Equally, Sir, while we feel that transparency is important in cooperation programmes on tax matters across boundaries, again, transparency has to be handled in a way that protects privacy and trust. We cannot agree that full disclosure of things like beneficial ownership should be used to destroy long-standing structures such as trust.

We have told the OECD that while we are agreeable to having a programme for the first time on cross border tax matters, based upon those three principals, we have to sit down with them and discuss how far we can go in relation to exchange of information, nondiscriminatory practices and transparency provisions. We also feel that if we give commitment, to be part of this process of cooperation in tax matters and we join a global forum on taxation, there must be a process of mutual assessment to ensure compliance, to ensure that all of us can monitor each other and classify each other, rather than having a process of review in which only the OECD countries decided who is complying and who is not complying.

We have also said that any programme of cooperation in tax matters must be under the auspices of a global forum which is not just an OECD forum but is opened to all countries and that the global forum should answer not to an OECD council of Ministers but to a Conference of Ministers drawn up from all countries in the world.

11:25 a.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O.S. ARTHUR: The most recent development over the weekend is, that the OECD has responded to the position put by the developing world and they appeared not to be willing to agree that you can be part of a global forum open to all countries, but in which the peer review and the mutual assessment mechanism are open to all, we want permission for such to be explicitly stated.

Apparently they are also not prepared to agree that a global forum of all countries on matters of tax cooperation should answer to a Conference of Ministers, where all countries have a right to participate in decision making. They are also apparently not prepared to agree, Mr. Deputy Speaker, that the most favoured principle should apply nor that the OECD should be prepared to agree to extend to all of us the same treatment that it extends to its member countries. If Switzerland says that it is not agreeing to secrecy provision, then they cannot impose such restrictions on any other country outside the OECD. If Britain says that it is retaining the distinction between taxes on foreign and from domestic bond holders, the OECD cannot come and tell someone that they must remove such distinctions.

Sir, it is my hope that this matter can be resolved. This is not a matter that we want to be vainglorious about. It affects the viability of the second largest sector of the Barbados economy, our the International Business and Financial Sector. It affects, Mr. Deputy Speaker, not only that sector. In recent times a lot of related investment activity has taken place on the presumption of growth in that sector and there could be a trigger effect if foolishness was to prevail.

Mr. Deputy Speaker, very clear positions have been put on behalf of the developed world. I want to say that I am very pleased that all of the non OECD countries have agreed to constitute themselves into an International Tax and Investment Forum to act as one in negotiating with the OECD, in giving commitments, on the matter of peer assessment, and on the matter of membership of the Ministers of Conference. Also, we agreed that if this matter cannot be dealt with by way of consultation that we are determined to pursue this matter wherever the ends of justice take us. Coercion and the use of economic sanctions are matters that have already engaged the attention of the International Court of Justice. There are international conventions, Mr. Deputy Speaker, not least written into the OAS Charter, that speak to the inappropriateness and illegality of economic sanctions as coercive measures.

Barbados is prepared to take this matter to the international court of justice, particularly, as the OECD is saying that it wants to have one standard for itself and another standard for the rest of the world. We

are also prepared to take this matter to the World Trade Organisation because precepts such as the most favoured nations and the non-discrimination are known to the public international law. We will have to be advised, Sir, as to the legality of the members of the OECD applying sanctions to us for non pursuing policies that they themselves are not prepared to apply under the provision of general agreement on trade and services.

Sir, I felt the need to go to this extent to speak about our economic circumstances because we believe that our economy is going to continue to grow in the year 2001 and with that growth we are going to continue beyond the year 2001. It will do so in more challenging economic circumstances. In the course of this presentation, Sir, I will spell out what kinds of sectorial responses the Government believes are necessary if Barbados is to rise above the many challenges and difficulties that we are likely to face.

Sir, it is against that background that I turn to the fiscal and financial programme of Government. I will deal first with the financial programme ending March 2001 and also to set out clearly Government's fiscal policy for the year to follow.

Sir, on the basis of the most recent information that is available to us, it is now projected that the financial out turn for the fiscal year to end, March 2001, will be very much in line with what was projected when Parliament approved the Estimates of expenditure in March last year.

Last year House approved current revenue of one billion seven hundred and twenty five-million dollars. It is now projected that current revenue will be one billion seven hundred and twenty-two million, which is two million short of projection.

It was projected, Sir, at the start of the year that current expenditure would have been one billion seven hundred and seventeen million dollars. With a number of Supplementaries being brought to account, it is now expected that current expenditure for the year will amount to one billion seven hundred and sixty four-million dollars. At the start of the year, Mr. Deputy Speaker, the House approved capital expenditure of some three hundred and twenty five-million dollars. In light of the growth of current expenditure, we now anticipate a capital programme, not of three hundred and twenty five-million dollars, Sir, but two hundred and ninety four-million dollars. The result, Sir, is that the overall deficit will be some three hundred and thirty six-million dollars, as compared to three hundred and seventeen million dollars; a deficit of about 2.7 percent of GDP as compared to 2.6 percent of GDP projected at the start of the year.

The Government, therefore, continues to operate within the context of prudent financial constraints. May I say, Mr. Deputy Speaker, that what I am presenting as the likely financial out turn takes into account our bringing to the House, shortly, Supplementaries to clear up all the arrears of the University of the West Indies, thirty million dollars. We wish to start the new financial year with arrears cleared. I want to stress that wherever things have to be brought to account, I am not in agreement to carry them into the next financial year. The full extent of last year's fiscal out-turn matters is set out in the Estimates of Expenditure and Members can regale themselves with the matter, Sir.

Sir, against that background I want to come to the fiscal programme from the year ahead.

Sir, we have set a sustainable growth rate for the Barbados economy of 3 percent growth per year.

11.35 a.m.

Monday, March 12, 2001

Continuation of Rt. Honourable O. S. ARTHUR: Without any fiscal stimulus it is projected that the economy will grow by 2.5 per cent. So, without any fiscal stimulus the economy will grow at less than what we regard as the sustainable rate of growth.

At the same time, Mr. Deputy Speaker, our Foreign Exchange Reserves have now reached well over one billion dollars, twice the amount that is required for purposes of safety. Mr. Deputy Speaker, we have now, over the course of the last nine months, seen once again the evidence of excess liquidity in the banking system. So that it is possible Mr. Deputy Speaker, with the economy projected to grow at a slightly lower than the sustainable growth rate for us to use fiscal policy for expansionary purposes with a view to bringing the growth of the economy up to the rate that we believe is necessary to sustain our standard of living. What this means, Sir, is that the Government, as of this year, as a matter of deliberate fiscal policy, will make a contribution to the sustained expansion of the economy by incurring a larger overall fiscal deficit than we would if the economy was growing at a sustainable rate. By incurring a larger overall fiscal deficit we will add to spending power in the knowledge that we can do so without triggering a Balance of Payment problem because, as I said the Reserves are well over 24 weeks, or without causing a slow down in the private sector because there is a evidence of excess liquidity in the banking system.

Sir, at the core of this year's Fiscal Programme, Mr. Deputy Speaker, is a larger Fiscal Deficit with the intention of supporting a higher growth of the economy than the projected 2.5 per cent growth.

Within this expansionary strategy, Mr. Deputy Speaker, we have decided that there must be a strategic focus on the expansion of Public Sector Investment rather than expansion on Government's housekeeping. So that you will find Mr. Deputy Speaker, in terms of fiscal policy, that our Current Expenditures are targeted to be grow by only 2 per cent, whereas our Capital Expenditures are intended to grow by 19 per cent. Government intends to use any fiscal stimulus - not in a wasteful way to support bureaucracy, but to help build the economy by locating any increase in Expenditure in Capital formation to the benefit of our social and economic system. Mr. Deputy Speaker, therefore, these Estimates have been conceived with that kind of economic policy in mind. Having dealt with Fiscal Policy, Sir, I will later announce a reduction in interest rates and certain liberalization of exchange control as to facilitate a more expansive framework within which economic activity in this country should be carried out.

I will, therefore, just quickly sum what we are about. Our Revenues are projected to grow by 4 per cent to yield this year - \$1,795,000,000. We intend to increase Capital Spending from \$294,000,000 to \$351,000,000 - 19 per cent increase. And we intend to hold a line on Current Expenditures to allow it to

increase from only \$1,764,000,000 to \$1,844,000,000 - 2 per cent increase. And amidst this Sir, we have used the most conservative Estimate of Revenues for reasons which I will outline later.

Now Sir, I would like to deal with some of Government's priorities on the Expenditure side. The set of Estimates before the House is not just intended to support the expansion of the economy. It is also intended to give effect to a broad range of initiatives cutting across every sphere of economic and social activity in the country.

I would like, with the leave of the House, to focus upon some of the major new emphases and to highlight some of the main areas of concentration of Government's Expenditure. I start chronologically, as is set out in the Estimates with the Prime Minister's Office.

In relation to the Prime Minister's Office, for the first time the Government of Barbados is going to honour an obligation to pay the Anglican Church for the use of its properties.

We feel, Mr. Deputy Speaker, that it is a very wrong thing for the Government to insist that people must pay the Government, but that the Government should have access to people's properties and do not properly pay for them. The Government has had access to the Anglican schools and their properties free of cost and has passed some of them back in a state of disrepair. That is wrong and we want to start making it right. You will find, therefore, that the Estimate this year makes provision for \$1,000,000 to the Anglican Church to start to make that right. There is a Committee which is engaged in trying to find the best way to pay them for the schools that were passed back in a state of dilapidation. In fairness we want to do that to all those churches that have been good enough to historically allow the Government to use the schools for public purposes. I think that the House should agree that this is a correct thing to do, because it is the right thing to do...

Aside.

Rt. Honourable O. S. ARTHUR: And I hope that all future Prime Ministers will become Ministers of Ecclesiastical affairs and put things right with the church...

Aside.

Rt. Honourable O. S. ARTHUR: Sir, there are certain denominations where the Churches are led by religious entrepreneurs which may not need money and the Honourable Minister of St. Michael West nods his head as a religious entrepreneur himself...

Aside.

Rt. Honourable O. S. ARTHUR: But the truth is Sir, that the great strides that Barbados has made in education, has historically been made possible by the Anglican Church, Moravian Church and the Methodist Church particularly in allowing their properties to be used. Some of them now are in financial distress. Some of them have assets, but no cash and I think Sir, that to pay the Churches is the right thing to do.

Mr. Deputy Speaker, we have also made provision under the Prime Minister's Office for funds to

begin the project called "Relocation of the Coast Guard." The Private Sector is going to contribute \$5,000,000 towards this. We are doing it for two reasons, Sir. The Coast Guard as is now located in a position such that if you have only heavy swells the Coast Guard is in no position to help itself. So even if there was no Pierhead Development the Coast Guard would have to be moved. We have decided to move the Coast Guard to the site of the Barbados Flower Mill into a safer environment and to release the land for part of the general Pierhead Development Project.

11:45 a.m.

Monday, March 12, 2001

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

The land on which the Pierhead is located, Mr. Deputy Speaker, is going in as Government equity. The developers are benefiting from generous concessions, and we feel that the Government should also participate in any capital gains that arise from the use of the coast guard property for purposes such as intended by the Pierhead development.

I am aware, Sir, that we had come under criticism from the other side for this action. I do not feel that we should have sold Government's property to the entities involved in the Pierhead Development. We are committing it as equity and if there are capital gains and we at some stage want to realise those capital gains by divesting ourselves of the shares, Sir, so be it.

Sir, \$2 million of our expenditure this year is going into the Coast Guard exercise, in addition to \$5 million that will be spent by the private sector as its contribution to the relocation of the Coast Guard to free the land for private development.

Under the Ministry of the Civil Service, Sir, \$1.4 million this year is allocated to allow us to

accelerate the work on the reclassification and the regrading exercises which the Government had promised, Sir, and to which we are committed. We want to do so in a manner that will allow this reclassification exercise to take two years rather than four years as was the case in the past. We want to do it as rapidly as possible, therefore, \$1.4 million is allocated for this reclassification exercise.

Under the Ministry of Finance, Sir, again in pursuit of the need to house the country, we are this year making a provision of \$10 million to the Housing Credit Fund. The Housing Credit Fund has build up a good reputation, Sir, for lending to low and middle income entities. The Government has promised, Sir, to provide the Housing Credit Fund with three tranches of \$10 million each. This year, Sir, we will provide the second tranche of \$10 million to allow for an expansion of mortgage financing for low and middle income earners.

Under the Ministry of Finance, Mr. Deputy Speaker, we also make provision for the repayment of the \$22 million which is the last installment of the repayment of the 8 per cent cut. The point is, Sir, that this year, we can incur a larger deficit than ordinarily because there are number of one-off expenditures that will not be shown in future years and this is one. This \$22 million will fall out next year so if we carry it this year, it is not part of a structural deficit because it is a one-off activity. Similarly, Sir, the \$10 million for the Housing Credit Fund, this is not something that is going to be part of the structural ongoing deficit.

Under the Ministry of Consumer Affairs, Sir, the Government is providing this year, \$3.5 million to finance the operations of the Fair Trading Commission together with an amount to allow Barbadians for the first time, to have access to Peoples' Counsels in the representation of their consumers' affairs.

Mr. Deputy Speaker, when we decided to set up the Fair Trading Commission, we also agreed that the interest of the consumer should be enshrined by enabling persons having issues to raise to have access to counsel. This year for the first time, our Estimates of Expenditure is making provision for the funding for the office of People's Counsel to allow persons, appearing before the Fair Trading Commission, who want to have access to legal advice, Sir, to be allowed to do so.

Under the Ministry of Industry, Mr. Deputy Speaker, the allocation to Barbados Industrial Development Corporation, (BIDC) is being expanded by \$5 million to allow the BIDC to carry out a project, working with a number of companies to prepare them for international competition.

I want Mr. Deputy Speaker, to speak to this issue. I earlier said that because of the application of the WTO rules and because of our need to honour our obligations to the Single Market and Single Economy, the techniques of supporting and protecting industry that were hitherto open to us, no longer exist. We cannot use licences, we cannot use quotas, we cannot use bans on other persons goods to protect industry in Barbados.

As a result, Mr. Deputy Speaker, we are going to have to find industrial solutions to industrial problems. We are going to have to find agricultural solutions to agricultural problems. The use of non tariff barriers, Sir, and old forms of protectionism will not work.

In the previous years, the Government provided technical assistance to industry to allow most of our manufacturers to lift themselves up to ISO 9000 standards. I think that is what you call it, Mr. Deputy

Speaker.

Asides.

Rt. Hon. O. S. ARTHUR: Whatever it is.

We have now decided as well, as a way of getting industry to understand that they will only survive in the new dispensation, if they lift their standards to international levels, if they are interested in retooling, recapitalising, to assist 32 companies geared to expanding to reach certain benchmarks of competitiveness and efficiency that will allow them to hold their own, in a regional and international environment. Sir, therefore, we are embarked upon a process of targeted assistance to industry as part of the exercise in helping the sectors to come to terms with the new regional and international realities.

The Government, is also, Mr. Deputy Speaker, providing manufacturing and agriculture with all tariff protection that is available to us, consistent with our WTO obligations and constrained only by the impact of that tariff assistance may have on other sectors of the economy. I must speak to this, Sir. Under WTO rules, as we agreed to in 1994, we have to remove licences and quotas and replace them by tariffs, institute what is called bound rates.

For example, Canada removed licences on agricultural imports and replaced them with tariffs of 250 per cent on the understanding that it has to phase out those bound rates over a period of time. In Barbados, in 1994 when we joined the WTO we agreed that we were going to remove licences and quotas and replace them by tariff protection for a period.

Last year, the Government started that process where we took most goods off licences and replaced them by tariffs. But the very instrument that may be a help to manufacturing is a cost to tourism. We have found that in the process of helping one set of sectors, you can hurt the others. We have, therefore, sensitively sought to review the protection to agriculture and manufacturing, in the context of the impact on tourism costs, and have been trying, Sir, to find a happy medium.

It is a devilishly difficult set of balances to reach and we are trying our best to do it. Sir, while we are doing it, we are going to give targeted assistance to efficient manufacturers and efficient agriculturists. But those, Sir, who are asking us to continue to use licenses and quotas and to just give out subsidies without reference to efficiency, are asking us to waste their time and are asking us to waste the Government's time. Their time, Sir, because we can no longer protect them indefinitely. We really cannot and the longer that they refuse to agree that lobbying is not the only way, the longer they will postpone finding solutions.

11:55 a.m.

Monday, March 12, 2001

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

Sir, I fundamentally believe that the same techniques that are used to develop international business and financial sectors can be used to develop manufacturing in Barbados. We start with few raw materials but the same set of ingredients are needed to develop both sectors. The correct business ethos, the same spirit of innovation and the same set of incentives could suffice to make us successful in both sectors. Whereas Trinidad and Tobago and Trinidad and Tobago manufacturers were keen to modernize, to retool and to recapitalize themselves to bring a new industrial ethos to bear to industrialization in Trinidad and Tobago, there has been a reluctance on the part of our manufacturers here because they just want to keep making recourse to the old techniques of protectionism.

Manufacturing has a future if people are prepared to find industrial solutions to industrial problems. That is what we offer, and the Government is prepared to support, within the limit of its resources, those companies that are prepared to go to the frontier. Companies in Barbados must especially understand that there is no learning curve now. They have to have a global focus. The notion of having ten more years before they reform is no longer a serious option. Those ten years were between 1990 and 2000. When the surcharges in the early 1990s were imposed, it was on the understanding that there were going to be a phased out. Mr. Deputy Speaker, people seem to feel that ...

Asides.

Rt. Hon. O. S. ARTHUR: I stress the point, Sir, that this \$5 million is being targeted. It will be available to all persons who want to accept benchmarks of competitiveness.

Sir, I move to health. One of the major provisions in this Head is the provision for a study for the expansion of the Queen Elizabeth Hospital (QEH). I believe it is one of the more important activities that will be undertaken by this or any future Government of Barbados. The Queen Elizabeth Hospital is a hospital of the same capacity today as when it was built forty years ago. Separate and apart from any issues of management, it is a hospital where, in part, an aspect of the problem of providing health care can be attributed to the nature of the physical environment; a 40-year old plant that has not been expanded but have to cope with expanding needs is going to face problems.

I respectfully submit again, Sir, that it was a very wrong choice in the late 1980's for tens of millions of dollars to have been taken and splurged on trying to find a two-hospital solution when the correct choice should have been to spend money retrofitting the existing Queen Elizabeth Hospital and expanding it. The Queen Elizabeth Hospital should be expanded to the east on the Enmore's site, with a bridge crossing the road, and to the north. Barbados cannot continue with a hospital of 500 to 600 beds. It is creaking at the seams, Sir. An old hospital faces tremendous problems because the electrical, plumbing and old sewerage are built into the wall and it is an expensive undertaking to fix them. It has also been plagued by the fact that it has been used to accommodate some of the needs of the aging population. Families have taken persons to the hospital to occupy the hospital beds for months. In the face of all of this, the time is upon us when a substantial sum of money has to be spent on a serious expansion of the Queen Elizabeth Hospital.

Year after year, Mr. Deputy Speaker, we have a problem with accommodating interns because there are accepted ratios between the size of hospitals and the number of interns. This is going to be money very well spent. I feel it is long overdue. It is a project that we have asked the Ministry of Health to front-load and it is a project that I am prepared to come back to the House this year for a supplementary, if we can get to the stage of design, because it is urgent.

I am not disassociating the hospital management and the administration generally of the hospital from the problems of health care. I think we should all agree that we must find the resources to make the expansion while making such additional changes to the management structure of the hospital as are warranted by circumstances. I would trust, Mr. Deputy Speaker, that we can engage this issue in a serious and enlightened way. It is money that must be spent. Sir, if we have in the course of the next few years to find \$200 million for expansion purposes, let it be done.

Asides.

Rt. Hon. O. S. ARTHUR: The reality is that the number of disciplines that Barbados will have to bring on stream to provide health care in a modern environment is such that it is not just a question of upgrading what you have but substantially expanding what you need. May I also say, Sir, that for the first time in the history of Barbados the Government will spend over \$100 million on the Queen Elizabeth Hospital. When we became the Government a few short years ago, the expenditure was approximately \$66 million. I must stress this point that in large measure the problem at the Queen Elizabeth Hospital has not been the absence of resources. The hospital now, as a single institution, is in many respects the largest spender of Government monies. The hospital spends more money than we spend on all of our primary or secondary schools.

Asides.

Rt. Hon. O. S. ARTHUR: I am here, Sir, for the debate to be joined. We must talk seriously about management structures and whatever else but I am saying to the House that what is not at issue is provision. We have also given the assurance to the hospital that in the same way we have equipped the disciplined forces, the Government is going to entertain the putting together of all of the requirements for equipment for the hospital, to allow us to bring all of the operating theatres into full use, by acquiring all of the equipment in one package. We have asked for that package to be identified and we will raise the financing to do it rather than ...

Asides.

Rt. Hon. O. S. ARTHUR: Every year at Estimates, Sir, I have to tell the hospital management that we cannot afford the \$10 million in equipment that they want from our cash resources and that we can give them only \$4 million. This year I have told them to put their equipment needs in one package. We will raise a loan to purchase the package of equipment to allow them to do the critical things. It is a very wrong thing for operating theatres to be out of commission or for any facility to be out of commission because of an absence of equipment. I say however, Sir, that the Government is intent on providing for the recapitalization and the redevelopment of the hospital but only within the context of a new management structure at the hospital itself.

12:05 p.m.

Tuesday, March 12, 2001

Continuation of Hon. O. S. ARTHUR:

For too long there has been the view that merely because you are dealing with health care, systems which are appropriate to the management of modern enterprises do not have to apply. I want to say, Sir, that the management of a \$100 million enterprise raises human resources management, materials management, supplies management and systems management in a more acute way than if it were a \$100 million dollar factory because we are dealing here with people. This has to be dealt with in this way and that would not be the case if this were a factory.

We are making provision for that. I am warning the House that sometime in the near future the expansion of the QEH and its complete retrofitting and its complete equipment will be a central feature of our capital programme.

This year as well we are providing across Ministries more money and full funding to address one of the most important aspects of human security in Barbados, the fight against HIV/AIDS. Under the Prime Minister's Office, Sir, an AIDS Commission is being established this year to coordinate a group of initiatives stretching across all the sectors. We must fight the AIDS at the level of the schools. There must be an approach at the community level. There must be an approach, Sir, at the Prisons. The tourism sector must have its own programme. In these Estimates this year across all of the sectors, provision has been made for resources to fight it at those levels with the Prime Minister's Office doing the coordination.

Sir, my Ministry has about \$900 000 for the new AIDS

Commission. This year we started the exercise to provide full therapy not just for pregnant mothers but for all persons who are afflicted with AIDS in Barbados. Sir, we have now reached the stage where, as I said, HIV/AIDS is not a matter affecting high risk groups but it has moved into the general population. Barbados must find the resources to provide full and free therapy for all. The life that you

save may be your own.

Sir, I am pleased to say that our estimates of the cost of the full therapy indicates that we can get a 50 percent discount by buying in bulk. Barbados has also now been adopted by the UN AIDS as a pilot because of the way in which we have now organized our efforts. But more to the point, Sir, the House will recall that as part of the effort to put a new agenda for the small states before the international community, the Government through its Prime Minister fought to have acceptance for a development agenda, whereby the World Bank and others would provide adaptable and flexible lending programmes for countries like Barbados that have graduated, if those projects are designed to be part of a regional project.

Sir, I am very pleased to say that the World Bank has been in discussion with the Government of Barbados and in June of this year a project will be put to the World Bank's Board for U.S. \$100 million to be deployed by the World Bank to help to fight against AIDS in the region. Barbados and the Dominican Republic have been earmarked, Mr. Deputy Speaker, to get the first of that. There is the possibility of our having access to U.S. \$20 million dollars from the World Bank to help us and we will re-enter the World Bank lending programme as part of a regional programme rather than as a programme for Barbados alone. We have not made provision for that yet because it has not been finalized. But the Government is pressing on, Mr. Deputy Speaker, in that respect.

Sir, we are this year accentuating the effort to provide human security in the country by providing full funding for all of the HIV fights at the sectoral levels and providing funding as well for a full therapy for all persons affected. That will also involve our having to improve the laboratory and testing facilities of the hospital.

Mr. Deputy Speaker, Sir, we will continue support for the South Coast Sewerage Project to the extent of \$23.4 million. That project has been plagued with its own problems not the least of which has been the very shoddy performance of the company that did the work on contract two initially, Sir. But this \$23.4 million will allow us to envision a near completion of the South Coast Sewerage Project in the near future. We are also providing \$5 million, Sir, for the expansion of Mangrove while we sort out issues pertaining to tendering for a private sector contractor for Greenland.

Sir, may I say that process is at the tender stage and we anticipate that the Solid Waste Management Project will go forward in due course.

This year, Mr. Deputy Speaker, although we are holding Current Expenditures to only two percent increase, the provision for the Drug Service will move from \$26 million to \$28 million.

In relation to the Ministry of Social Transformation, the major highlight of its expenditure will be the provision of \$1 970 000 for the first community technology programme ever to be undertaken by a Government of Barbados. There is obviously, Mr. Deputy Speaker, a dangerous distribution in access, enjoyed by the Barbadian public, to new information and communication technology. Most children of the middle and upper classes of this country have access to the internet on a home basis. The Government feels that to prepare Barbados as a whole to participate in a new information age the internet has to be brought to the masses. We will, therefore, provide \$2 million this year to re-equip most of the community centres on a phased basis to be able to provide children of poor people with

access to the internet, and to make them functional in the new information age.

Mr. Deputy Speaker, Sir, it may sound like a small matter but I feel that it goes to the heart of our development. Children who do not master the new information technology in the future, Sir, will be as illiterate as children who do not know how to spell nor to read in this era. This is our way of making sure that the virtual universal literacy that so accounted for our high level of human development in the old age now is complemented, Sir, by a new technological literacy without which Barbados will be disfunctional in the new age. Mr. Deputy Speaker, Sir, I would urge the Minister for Social Transformation to press on with this.

In the case of St. Peter, Sir, we have recently developed the new Speightstown library with a Resource Centre. Libraries of the future will have not just books but also provide access to the internet. The Member of Parliament as in the case of most projects in St. Peter, Sir, is seeking private sector help to equip the library. The Member of Parliament for St. Peter will use his office as Prime Minister to look after his constituency but the Ministry should help the rest of the public.

Sir, this is the heart of our development and I really must urge that it must go across the country and a sense of discipline must attend it. People have often felt that community centres are places to vandalize. We have measured our pace on this matter carefully, Sir, because we have to put in place safeguards to make sure that the rooms are secured and the management systems are in place.

12:15 p.m.

Monday, March 12, 2001

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

So community centres will be transformed into resource centres in which not just recreation but access to the internet and the new technology will become part of their function.

This year as well, Mr. Deputy Speaker, the Ministry of Social Transformation has \$2 million that had been granted previously and is sitting in an account at the National Assistance Board to begin the construction of a senior citizens' village. We feel that the old approach to dealing with the needs of our aging population is wrong. Putting old people into what was called indigent homes might have met their need for shelter in some respects but our senior citizens have need not only for shelter. They need to be put in an environment where they can live out their senior years in a communal village type

environment, have access to appropriate recreation and health care and so on. Therefore, the Government has decided that the business about just building welfare houses scattered across Barbados will come eventually to an end. We will build a series of senior citizens' villages across the country beginning at Vauxhall. The member for Christ Church East Central endorses Vauxhall. He can carry you along with him, Sir. The \$2 million is already sitting and we will treat that as a pilot.

The intention is to address the entire range of needs of our senior citizens and do so in a way that takes the vulgar welfarism out of the provision of so-called welfare houses. All that did was to give them a house to live in, but how they ate, provided for their social and other needs, were never attended to. I commend that project strongly and would urge the Minister to make it a reality. These things will make the difference. Sir, as you will see, we are making sure that the young of the country are attended to and we are also ensuring that the old are attended to. The Ministry of Health retains the vote for alternative care of the elderly to work with private care providers to take some of the stress off the Geriatric Hospital by giving them subsidies to look after those people.

This year as well there will be a substantial expansion in the provision for the Disabilities Unit. This administration a year ago started the Disabilities Unit. We brought to Parliament a White Paper on Disabilities. We are honouring those pledges by expanding the Disabilities Unit. It may again seem to be marginal, but one of the distinctive changes in the Estimates this year is the abolition of the Bureau of Women's Affairs and its replacement by a Bureau of Gender Affairs.

While we agree that the ladies of Barbados still constitute a group which is somewhat disadvantaged and marginalised, we also accept that Barbados has gender problems that go beyond just women's problems. We have young men at risk. Indeed, Mr. Deputy Speaker, one of the greatest threats to human security in this country is the threat posed by those young men at risk who feel marginalised, alienated and angry. We have agreed as a Government to refocus our attention away from just women's affairs and to create now a Bureau of Gender Affairs to have a more holistic approach to the problem of social marginalisation and alienation in this society. This addresses issues pertaining to human security in a way that goes beyond empty talk about crime and violence.

Sir, in relation to agriculture, the Government has made the decision this year that to protect the water supply we are going to close agricultural production at Codrington and convert the Codrington area into a botanical garden. Studies have established that continued agricultural activity at Codrington can negatively affect the water supply of Barbados. Codrington and the Belle area are some of the largest reservoirs of water in Barbados. If there is a diminution in our subvention on Codrington, it is because we are closing it and we will this year begin the work to convert the entire Codrington area into a new botanical garden for Barbados.

The Ministry of Agriculture has been asked to work with the Ministry of the Environment to find the best ways by which we can absorb some of the workers at Codrington into the new arrangements for the botanical garden.

This year, Mr. Deputy Speaker, Sir, however, promises to be a year where we make a leap forward in vending facilities. All of the work has now been done to allow us at long last to begin the rehabilitation of the Cheapside Market. Government has decided that we cannot wait any longer for development at Fairchild Street. We are accelerating plans for Fairchild Street. Within the budget of the Rural

Development Commission, Sir, Government is also making provision for us to have tasteful vending facilities created at Redmans Village in St. Thomas, Oistins, at Ferniehurst and, obviously, at Speightstown, St. Peter where vending facilities around the bus stand are very urgently required.

We will press on with the land for the landless and the Ministry will this year be spending over half a million dollars on that particular project.

Sir, in relation to energy, the new major initiative this year is for us to spend \$1.3 million to create a new specialised institution on renewable energy. Barbados has hitherto enjoyed a reputation as a leader in solar energy development. We had indicated that we would want as part of our millennial activities, to create an institution of excellence. Our feeling is that solar energy will be one of the major energy sources for the twenty-first century. This facility for the first time - last year we allocated \$100 000 - will be a major new initiative to use renewable energy sources not just for heating but for cooling and for wider applications.

We are also at the stage of beginning a new phase in coastal conservation projects. Phase I saw good work being done at Rockley, Weston and so on. A project is now before the IDB for a major investment in Phase II. The Member for St. Lucy will be delighted because we have made provision, while we await the IDB approval, for \$1.2 million in coastal works and it is primarily to do revetement work between 'the Judge Gap' and Six Men's.

The Member for St. Lucy, Sir, will find, although the Government is in no position to grant his request to build an airport in St. Lucy, that we will, once that appears in some future manifesto of the Democratic Labour Party. I will give him that assurance.

We have taken on board his request for coastal works and this \$1.2 million in coastal works is in anticipation of the funding that we will be looking to expend once we get clearance from the IDB. It is going to be substantial because the House will agree that the protection of our coastal and marine environment is one of the most important environmental matters facing Barbados.

I want to commend the officers of the Coastal Management Unit for pioneering an innovative work in this matter.

Sir, the Estimates also provide \$3 million to continue the Beautify Barbados Project and there is also \$1.3 million separately for the Gully/Eco-Systems Management Project.

12:25 p.m.

Monday, March 12, 2001

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

In addition to our marine environment it is our view that our gully ecosystem is important not just as ecological assets but because the management of the water supply and our health, generally in Barbados, requires that these matters be put on the front burner.

Mr. Deputy Speaker, the Leader of the House has indicated that we have to take lunch and I will entertain a leave for suspension to come back. I just want to get across that the Government is not just into an expansion system mode for the purposes of building a stronger economy but, as you can see, this programme of capital expansion cuts across a whole raft of social and cultural areas that are vital to the long term sustainable development of this society, Sir.

SUSPENSION

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that this House be suspended until 130 p.m. this afternoon.

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

The question that this Honourable House be now suspended until 1:30 p.m was put and resolved in the affirmative without division and Mr. Deputy Speaker suspended the sitting accordingly.

RESUMPTION

Mr. DEPUTY SPEAKER: This Honourable House is resumed.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, before the suspension was taken I was at pains to try to develop the point that this year the Government is contemplating an expansion in the size of the overall deficit and that the composition of Government's expenditure was designed to ensure that a new set of very exciting initiatives, cutting across every sphere of social and economic activity in the country, is brought to bear in the next fiscal year through the expansion in capital activity. Sir, I concluded by treating to developments in the sphere of the energy and the environment referring to the creation of a new specialised institution and a centre of excellence in solar energy.

I would have spoken, Sir, on the enhanced expenditure on coastal management, the \$3m Beautify Barbados project, the \$1.3 million for the gully ecosystem and things of that character. Sir, next financial year beginning April will see the start of the concrete road project for which funds are to be deliberately raised. I just want to spell out in detail the *raison d'être* behind the project and the manner in which we propose to execute it.

The Government of Barbados has historically never borrowed funds to do road works in communities although funds have been, from time to time, borrowed to do road works in the nature of major highway construction and rehabilitation.

Mr. Deputy Speaker, without prejudice to party or constituency, we feel that the time has come when the question of a provision of a road here and a road there must be removed from Barbadian politics. We must embark on a vigorous programme to building roads in every community in Barbados where roads are needed. Sir, has to be policy. It is not a question of whether the community is in Foster Hall, St. John or Ashton Hall in St. Peter. If there is an established community that does not have roads, the roads must be built.

Mr. Deputy Speaker, we owe it to the country at the start of the 21st century to have a society that is coherently developed where every established community has a road. The road is not a gift of a Member of Parliament. A Member of Parliament should not be measured by whether he can give a road or not give a road because whether we get roads or not is not dependent on whether he is a good Member of Parliament or not but is dependent upon the available of resources. Since it comes down to availability of resources, the Government felt that we should raise a \$40 million to finance the completion of the exercise to put roads in every community in Barbados.

There are three parishes in particularly where a lot needs to be done - St. George, St. John and St. Philip. A lot needs to be done in other areas of Barbados as well but St. George, St. John and St. Philip are the areas in Barbados with the largest tenancies because of their agriculture nature. Very often the tenancies are far from the main road and there has been disinclination sometimes to do work in tenancies because of the associated cost of construction.

The Government's policy this year is that we will maintain expenditure on the building of asphalt roads while starting a new \$40 million road construction in communities using cement as the medium for construction for a number of good reasons, Sir. The use of cement uses a local product and will sustain activity at the Arawak Cement Plant. Concrete roads have not been attempted because the initial expenses tend to be very high relative to asphalt roads. Maintenance, however, is negligible. Mr. Deputy Speaker, we all know that the roads that tend to be most neglected by MTW are the roads in tenancies because once they are built, MTW hardly go back there. Building concrete roads in communities may involve more up-front expenditure but the long term maintenance cost is reduced.

Sir, before the financial year we will bring to Parliament the Resolution to raise the funds which we are getting at 1.25% below prime for ten years which is a good loan. I think that the \$40 million together with sustained expenditure on asphalt roads will allow us some time in the immediate future, to put this matter behind us once and for all.

We want a road programme that is total rather than one that is based upon which Member of Parliament says he wants the road the loudest because in the final analysis when I go to Foster Hall in St. John and there is a bad road, I will have a difficulty getting in and out of Foster Hall.

Asides.

Rt. Hon. O.S. ARTHUR: Yes, I have to go and visit my friends there.

Mr. Deputy Speaker, let us agree on it that Barbados must reach a stage in its development where every community in which there is a reasonably large number of people, must have a road as a matter of right and not because a Member of Parliament says so. It is what Barbadians are entitled to as taxpayers. We are embarking on that programme and we hope to be able to do it as fast as possible.

The Government has also decided, Mr. Deputy Speaker, that the Urban and Rural Development Commission will be responsibility for the building of roads in communities. Hence, they will be responsible initially for implementation of the concrete road programme. The Ministry of Public Works will be responsible for major highway construction and for road maintenance.

1:35 p.m.

Monday, March 12, 2001

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

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are the areas in Barbados with the largest tenantries because of their agriculture nature. Very often the tenantries are far from the main road and there has been disinclination sometimes to do work in tenantries because of the associated cost of construction.

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1:35 p.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O.S. ARTHUR: Sir, once the roads have been constructed by Urban, they then go into the maintenance programme and it allows us to rationalise the relationship between Urban Development and the Ministry of Public Works.

I must also add, Sir, that there used to be staff at the Ministry of Transportation and Work who were involved in road construction. They are now being transferred to the various depots. We are also insisting that the 13 depots should be properly manned but they should also be properly equipped. The Government has asked the Ministry to propose the package of the equipment needed to have each depot outfitted so that they can get on with their work of keeping the roads in Barbados in a passable state, Mr. Deputy Speaker.

I feel that the men and women who work at MTW want to give an honest day's work but very often they cannot give it because they do not have the equipment. We have told the MTW to tell us what they need to equip each depot with the simpler things, then tell us the things that they need to have on a regional basis and to specify the key pieces that are needed for MTW. We anticipate as well that at some stage that equipment package will come so that you have a coherent programme to build and maintain roads in the country.

The concrete road programme, will be done on a phased basis. This year, seven million go to Rural and five million by Urban. Sir, of the forty million dollars, more has to be spent in rural than in urban areas because there are more roads in rural communities that need to be done than in urban Barbados.

Asides

Rt. Hon. O.S. ARTHUR: Sir, a way Parliament has to rise to a new level of maturity and stop having Parliamentarians assessed in terms of whether they get a road here or there, but the quality of the contribution to Parliament and the development of the nation in its entirety.

I thought that I would mention that as a conclusion under transportation. Twelve million of the forty million dollars will be spent in this financial year under the offices of the rural and urban Commissions, with seven million dollars going to rural.

Sir, in addition, we will be maintaining expenditure on the ordinary asphalt programme and we hope that this will give a galvanising effect to the building of coherent communities.

In relation to tourism, the debt of the Barbados Tourism Authority will be cleared by the end of the financial year. The debt was for things like the Spirit of Unity Tour it will be cleared and changes are being made by the Barbados Tourism Authority. The forty five-million dollars, Sir...

Asides

Rt. Hon. O.S. ARTHUR: The Minister will be given a new slate and he has given me the assurance that the forty five-million dollars, properly spent, with at least thirty million dollars going for marketing and advertising will get the job done.

The House will notice that the Government is continuing to make a contribution to the Bush Hill Project. The project to restore George Washington House in its time setting will be a major addition to our heritage assets and will help us to accentuate our marketing for the US market, Sir.

The large project under the Ministry of International Transport and Tourism is the airport expansion. Twenty five-million dollars, Sir, is here being earmarked for the airport expansion project. May I say, Mr. Deputy Speaker, that this is the last year where revenues from the airport or expenditure on the expansion of the airport will be shown separately in the Estimates. It is the Government's wish to convert the airport into a corporation rather than have it as a Government department. We want to pass on the responsibility for the airport's costs and its revenues at the earliest possible stage to the newly formed corporate entity.

The Government feels, as was shown in the St. Joseph Hospital's matter, Sir, that it is a very wrong thing for a corporate entity to exist to manage an activity but activities and expenditure continue to be managed from Government departments. The sooner the airport authority gets access to this project and gets in control of the revenue, Sir, the better. We are making appropriate arrangements for that happen. Twenty five-million dollars this year will be spent on the airport expansion, up from seventeen million dollars last year and 6.6 million dollars this year are being spent on other aspects of airport expansion.

In relation to Home Affairs, Mr. Deputy Speaker, the Government has embarked on a programme not just of bringing roads to all communities but we feel that the major settlements in Barbados must have the services brought to them. We have seen how it has been done in the case of the Glebe. I think that you will agree that central St. George has been transformed by the clustering of the library services, post office and police in one community facility in one tastefully designed centre.

Also this year, we are providing the resources to finish the designs for the facility for Horse Hill, to serve the St. Joseph community, as well as for Belleplaine on the understanding that those are very important settlements where a clustering of community facilities are needed. They will be following the St. George model in terms of the architectural integrity that is maintained as well as the scope of services that they embrace.

1.45 p.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O. S. ARTHUR: Under Home Affairs, as well, Mr. Deputy Speaker, the Forensic Services will attract \$10,000,000 this year, of which \$7,000,000 will be on the construction of a new Forensic Centre...

Aside.

Rt. Hon. O. S. ARTHUR: That has started and the incentive is to make Barbados a centre for such services in the Caribbean with the possibility of the sale of the services to the rest of the Caribbean. This is a project that is being supported by the European Union and it is money that is being well spent.

POLICE: We are here providing the resources for the purchase of the package of vehicles - and I just want to take this opportunity to say, Mr. Deputy Speaker - that there is no intention on the part of the Government to treat the Barbados Defence Force any better than the Police. The truth is that for the last two years the Barbados Defence Force and the Royal Barbados Police Force had been working on joint patrols. I am not into which one is better than the other, because they are all loyal Barbadians. But the truth of the matter Mr. Deputy Speaker, is that the members of the Defence Force who are on these joint patrols do not get any allowances for doing so. It is their duty and the Brigadier would not hear of an allowance. The Police get payment as special allowances when they are on patrol. As I said the members of the Barbados Defence Force neither get pension nor gratuity and it is a wrong thing and we need to correct that. That is not favoring one. It is a wrong thing for a man to give 15 years work and then gets no pension. The study to create pensions regime is virtually completed.

This will please the member for St. John, Sir. The only Government department where there is a substantial increase in the personal emolument beyond the ordinary wage increases has been to the Police where there was a \$4,000,000 increase in personal emoluments vote to reflect the new flexible allowances that had been introduced.

Also, for the first time this year, we will be expanding an anti-money laundering unit. These are the kinds of additional costs that the Government of Barbados has to incur for participating in the general international fight against illicit activities ...

Aside.

Rt. Hon. O.S. ARTHUR: But a new Anti-Money Laundering Unit Authority has been created and for the first time this year Sir, funding is going for it. We have also introduced a new project called The Modernization of Justice System within in the Estimates. It has been shown that the administration of justice can affect 15 per cent of the total output of a country and unless properly done, a lot of investment and business decisions are unnecessarily retarded. Our Justice System, Sir, in many respects is antiquated. It has been addressed on both sides of the House. The Government proposes to provide a new Justice Complex which will finance off Budget. And at the same time with the assistance of the International Development Bank (IDB) there will be a project for modernization of the justice system to allow it to be able to use modern technology and generally speaking, Sir, to bring the operations of the justice system in line with what is happening in the rest of the society. Although justice must be blind, Mr Deputy speaker, it must not be backward and this project is intended to do so. The full project is going before the IDB for its financing , but we have made a provision for it this year.

FOREIGN AFFAIRS: The main increase of \$2.6 million is largely related to our opening an office in Geneva and I cannot ever-emphasize how important this is. On the last occasion the failure of developing countries to be properly represented in the Uruguay Round in Geneva when major negotiations in trade took place affecting some of their interests had been a matter for which they have paid a very dear price. The Government of Barbados has, therefore, decided that despite the enormous cost Barbados will be fully represented in Geneva. We have, since I last spoke to the House in the Estimates, appointed an Ambassador and fully staffed and Embassy in Geneva. It reflects the thrust of the Government to properly represent our interests wherever they have to be pursued.

LABOUR AND SPORTS: Mr Deputy Speaker, the Government wants to give effect to a holistic community development policy. Again we feel that every major community in Barbados must have access to sporting facilities. We think it is as vital a right to a road. All communities that do not now have playing facilities must be provided with such. Under that same Programme, Mr. Deputy Speaker, in certain high-density areas we will provide flood-lighting for these playing fields with a view to making sure that the communities have available to them, on a sustained basis, community facilities that give persons an outlet for creative activities. Sir, I am not calling them in any way to stigmatize them, but the Pinelands and other places where you have high-density population of young persons will be better because it will allow them to play football at nights. When they are doing so we know that they will not be doing other things that they should not be doing.

So that you will find that there has been a substantial expansion in the vote for the National Sports Council. It will, this year, have \$3.4 million to spend on the development of community facilities. As I said Sir, the emphasis is to make sure that those communities that do not have sporting facilities must get the facilities. Foster Hall is also included and also the Whim, St. Peter and other communities like these. Again, this is not something that we, as politicians, treat like handing out candies.

Every community that is coherently developed must have good houses, proper roads, recreational or community facilities for sports and training and have access to health care and good transportation, as a matter of right and that is the overall development programme on which the Government has embarked and it is where we are locating our emphasis.

EDUCATION: We are maintaining Expenditure on Edutech at \$45,000,000. It means that Edutech may not be executed fully in the 7 years but it may go into an 8th year. The Honourable Minister of Education understands that we have to temper the pace of execution to coincide with Government's cash flow. But this year, there are a number of exciting things that we want to do. For example, the expansion of the training at the Samuel Jackman Polytechnic has been one of the most impressive ways by which we have allowed for self-employment. I will be making, during the course of the year, a separate allocation from another source, to the Polytechnic to help it to expand its training programme by 500. In these Estimates we are modernizing training facilities that have become antiquated. Printing and automotive are areas which the equipment are vital to self-employment in Barbados, but the equipment is antiquated. We would have love to have done both in the Estimates. As it stands we are modernizing the equipment and then we will expand.

The Community College, Mr. Deputy Speaker, there is a tremendous maintenance problem that has to be corrected. I would have love to have been able to provide more. The physical plant at the Community College has run down and again, these things have to be addressed. We cannot do all at once, but we will do some the beginning of this year.

1:55 pm

Monday, March 12, 2001

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

The real increase this year on education is on tertiary education. Mr. Deputy Speaker, we will spend \$92 million on secondary education. We will spend \$86 million on primary education and we now could easily spend \$70 million directly on the University of the West Indies (UWI) to say nothing of what we spent on scholarships and grants. We are rapidly becoming a country where the total expenditure on tertiary education is higher than primary or secondary education.

May I say, Sir, that there have been views put to us of which the Opposition might be aware that we should introduce user fees at the tertiary level. The Government does not accept that. We feel that Barbados, like the rest of the Caribbean, still has too low a ratio of university graduates to total population and that the catching up we have to do as a nation, is in correcting the ratio.

I would rather maintain the level of taxes that we have, Sir, and allow the ordinary Barbadian to enjoy continued access to university education than to remove that at this stage in our development. There has been new advice that we should introduce fees because cost of tertiary education is increasing at a more rapid rate than the cost of either primary or secondary education.

The Ministry of Education has developed a new concept to create synergies between the University of

the West Indies, the Barbados Community College and the Samuel Prescod Jackman Polytechnic that will allow us to evolve more of a university college structure. Sir, that is now the subject of a separate feasibility study and it is a matter to which we will have to come because we want, Mr. Deputy Speaker, to allow Barbadians to continue to enjoy the access to tertiary education but the cost, Sir, is spiralling out of our control.

In relation to public works, Mr. Deputy Speaker, this year, the Government will spend \$53 million on road maintenance. I really want to repeat that, Sir, the Government will spend \$53 million on road maintenance this year, of which \$47 million will be through the depots. The \$6.3 million will be a continuation of the special maintenance project to rehabilitate the thirty-one Highways in Barbados. The full details covering where the exercise will be located, Mr. Deputy Speaker, are to be found at page 142 of the Estimates.

Mr. Deputy Speaker, Church Village, St. Elizabeth Village, Ashton Hall, Bay Street, are those special projects that we are talking about. But we are spending \$53 million and the Government wants value for money.

Mr. Deputy Speaker, we are also expanding our expenditure on drainage from \$7.7 million to \$8.9 million and I am pleased to say that the work at Headleys Land has accelerated and relief is coming. But, Sir, I want to impress upon the House that there are new things in the fight against flooding. What the Drainage Unit has been doing, Sir, is that it has been building mini-dams in the hills above the major flood prone areas. For example, in my constituency in St. Peter, mini-dams have been built at Sailor Gully and at Mile-and-a-Quarter and it has taken a lot of the water off Speightstown.

A lot of the water off Bridgetown has been taken, Sir, by the gully left by Rayside Quarry. The work to create mini-dams to carry the water to the aquifers and take them off the flood point areas has been continuing in Seaview in St. James. Sir, having established the success of these new approaches to flood control, we want to begin to generalise them across the country.

The Ministry of Public Works, Sir, is also being provided with \$3 million for a Street Lighting Programme to be largely carried on in collaboration with the Royal Barbados Police Force. The Urban and the Rural Development Commissions will, Mr. Deputy Speaker, have their own Street Lighting Programmes. But the Police has identified that there are a number of indefensible areas in Barbados that cannot be defended, merely because street lights do not exist. We want to heighten the security of the country by allowing every area to have street lights where the absence of a street light creates an area that is not defensible to have that kind of problem put behind us. Mr. Deputy Speaker, these little things matter. Sir, we are making that provision to help to enhance human security.

Mr. Deputy Speaker, the Government also is continuing the policy towards the Transport Board. We are carrying the debt of the Transport Board, namely, we are picking up our shareholder responsibilities. We gave them permission to borrow, to buy buses. They cannot pay for the buses and the Government is servicing their debt. On top of that, we are giving them a subsidy of \$5 million to assist them in meeting their operating expenses.

Aside.

Rt. Hon. O. S. ARTHUR: A part of that was for other purposes.

We have told the Transport Board that we are setting a cap on their funds from Government. The cap is full debt service plus a subsidy of 5 per cent and it is left to the Transport Board to organise its revenue enhancement and its expenditure controls programme.

Sir, I want to say that the time has come when the Transport Board must begin to compete again on the short routes. It was a serious mistake to take the Transport Board off the short routes because those short routes helped the Transport Board to generate the revenue to subsidise sending buses to St. Peter, St. Lucy, St. Andrew and St. John. Part of the revenue enhancement measures that the Transport Board must contemplate, Sir, among other things, is to go back on the short route to help build its revenues. It may be a great boom to the old people on the short route, Sir, because taking the Transport Board off the short routes meant that they were not in a position to enjoy the benefit of travelling free of cost.

Mr. Deputy Speaker, I just want to touch on two matters that are crucial in relation to housing. This year we are spending \$7 million on land acquisitions. I want to touch on this matter in detail to draw attention to one of the most contentious issues in this country - land use, land policy and access to housing for Barbadians.

In relation to land use, Sir, very shortly, a revised Physical Development Plan will be made available to Parliament. All of the procedures for preparing a revised Physical Development Plan have been gone into. The Plan has been sent by the Minister responsible for planning, to the Town Planning Advisory Committee for advice before it comes back to me to be brought to Parliament. All the lawful requirements have been done thoroughly, although I am told that the Democratic Labour Party has raised some issues pertaining to procedure to which we will obviously have to speak.

Sir, the concern about the foreign ownership of land and the price of land is both natural and real in a small society. I would be frank enough to say that it would be surprising, if in a society of Barbados' nature, that access to land and the price of land as we develop, would not evolve as a serious issue.

2:05 p.m.

Monday, March 12, 2001

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

We had options that have been closed for us. The notion of trying to control access to land by the introduction of an alien landholding legislation is, in my judgement, not an option that is realistically

open to Barbados. In the early 1970s, an alien landholding legislation was drafted but was not implemented. Such legislation now, Mr. Deputy Speaker, would be contrary to the provision of our regional obligations under Protocol II where Barbados is not in a position to impose new restrictions on rights of establishments or movement of capital throughout the region.

Asides.

Rt. Hon. O. S. ARTHUR: So that we cannot introduce restrictions on landholding by foreigners and other Caribbean nationals in Barbados. In any event, I suppose that the Honourable Member for St. John, by the encouragement of CLICO to buy the best agricultural lands in St. John, has already set the ...

Asides.

Rt. Hon. O. S. ARTHUR: They are doing a good job and I feel that it should be encouraged, Sir. I think it is a good thing because they have helped to modernize our agriculture in circumstances where there was a diffidence on the part of our local people to do so. I am not opposing it, Mr. Deputy Speaker. All I am saying is that we cannot prevent foreigners from owning land in Barbados under Protocol II and certainly not under some of the investment treaties that we have signed where we have to extend national treatment to foreign investors.

We could not now introduce an alien landholding legislation because we have a bilateral treaty with the United Kingdom where such would be unthinkable. In any event, the new disciplines of the public international law as it affects trade in particular prescribe national treatment for foreign enterprise. We could not live up to our international obligations in today age if we were to introduce alien landholding legislation.

Indeed, one of the real issues about implementing Protocol II of the CARICOM Single Market and Economy, concerns the legislative process that some Caribbean countries which have alien landholding legislation will have to get involved in to move them off the statute books because in some instances those things are constitutional. Sir, it is a concern that is natural and real.

The escalating price of land, the cost of land and the value of land are of concern to the Government for reasons which I will show. What the Government has done is to act responsibly. While land has been sold by Barbadians to foreigners, the Government of Barbados has not sold any of its land or property to foreigners. All lands that have been sold by Barbadians to foreigners has been by way of private action by private individuals. We have gone to the extent of vesting all of the lands of the Government of Barbados, in particular those that can be used for tourism related things, into the Barbados Tourism Investment Incorporated. We have also made it clear that in every instance we would want to use that land as equity in joint ventures rather than selling it.

I seem to recall on the occasion when the Pierhead Development Project came to this House that the Government was criticized for not selling it. We have made a deliberate policy that the Government of Barbados will not be selling its land. We cannot stop private people from selling theirs. What we have done, Sir, is to change the property transfer tax structure which means that when they sell, the Government will get more of the revenue.

The point I am coming to is that every year this Government has devoted increasing amounts for the purchase of land to provide housing solutions to the ordinary Barbadian citizens. It is costing us now in the realm of \$7 million a year just for the purchase of the land. Our policy has been to try to purchase land, first of all, around and in the vicinity of existing communities so as to reduce the amount of alienation of agricultural land involved, hence, Sir, Mount Brevitor in St. Peter, Gall Hill in St. John, Flat Rock in St. George and so on.

Asides.

Rt. Hon. O. S. ARTHUR: That is our policy that we seek to expand existing communities. In the last six years, as I have said earlier, we have acquired almost 950 acres of land for housing and recreation purposes and we intend to acquire more. The Government is acting responsibly by making sure that the ordinary man and woman, who do not want to live on the beach, will have access to the possibility of a house spot to live on in his community and we have been trying to do it systematically across the country.

I must also say, Mr. Deputy Speaker, that I have been trying also to encourage persons who own marginal land to develop that marginal land. The Honourable Member for St. John will be familiar with the fact that I have agreed that the land opposite the St. John's Parish Church should go into housing. In my constituency, I have encouraged persons who own marginal lands to come forward and seek to develop them in collaboration with the National Housing Corporation because that is the way to go.

Sir, Mount Brevitor Phase II is not being done by the National Housing Corporation. The owners of Mount Brevitor are taking the marginal land next to the National Housing Corporation project and developing it. I feel that there has to be some joint ventures between the National Housing Corporation and private developers because we understand that there is an urgent need for housing by ordinary Barbadians and the Government is committed to working toward it.

Therefore, Sir, this \$7 million that we have committed here is part of an ongoing exercise by this administration to act responsibly in response to one of the major social issues facing the country by giving the ordinary Barbadian the assurance that there is a place for him or her in this country.

May I also make the point, Sir, that we have been buying the land at public expense and vesting it at no cost to the National Housing Corporation to enable it to provide subsidized housing solutions to the ordinary Barbadian man and woman. No other previous Government of this country has ever brought 1 000 acres of land and put it into housing free of cost to the National Housing Corporation. I must stress that point that the National Housing Corporation has had access to almost 1 000 acres of land free at source and \$50 million of bond financing. I make those points to give the lie to the notion that the Government is uncaring about access to land by Barbadians.

Sir, I do not believe that the ordinary Barbadian wants to live on the beach. Most of the Barbadians, whom I represent, want to be able to live near the communities where they were born.

Asides.

Rt. Hon. O. S. ARTHUR: The key here is that we must provide access to the beaches and provide Barbadians with access to land in the communities as part of a coherent approach to community development. We are embarked on both and this \$7 million is intended to facilitate that.

Mr. Deputy Speaker, the Government this year is also being required to pay \$12.9 million for rental of property. I bring this to the attention of the Leader of the Opposition because sometimes I suspect that he speaks without reference to the fact. The Ministry of Housing and Lands is responsible both for developing housing solutions and is also Government's superior landlord. It is required to provide accommodation for Government offices.

The private sector loves to cry, Sir. When they have to pay land taxes because of the improved values they quarrel but they have no difficulty in increasing the price of rent to the Government when we have to purchase accommodation. The cost of renting accommodation to the Government of Barbados has risen from approximately \$4 million to \$12.9 million. It is that stream of payment that, in fact, made it possible and made it mandatory for the Ministry of Housing and Lands to build a new facility at Warrens. This \$12.9 million that they are now paying out in rent, a large part of it could easily go to servicing the debt to be raised to build the building in the first instance. It is also true that historically the National Housing Corporation has been at its best when it has had both a low income housing programme and a commercial development programme because it is the profits from the commercial development that helps to subsidize the housing for low income earners.

2:15 p.m.

Monday, March 12, 2001

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

The \$12.9 million that the Government is spending on rental for Government offices is intended eventually to go as flows in large measure to the National Housing Corporation to allow it to build a new building at Warrens.

Sir, the fact that it has not gone according to plan because of a bad engineering specification and having to cast a very expensive raft, foundation and so on, and the fact that there have been conflicts and confusion between contractors and supervisors are not things that the Government is happy with, and we would be the first people to admit that these are things that make us unhappy.

As Minister responsible for Economic Affairs, I have spent too many meetings trying to make sure that project coincides with what we would like to see Government projects adopt as the methodology: on time and within the budget.

The logic behind it is sound. A government spending \$12.9 million on rental accommodation should

build its own and use those flows to service the debt and provide an income stream to National Housing Corporation which will be the landlord. That is what explains that particular initiative.

Mr. Deputy Speaker, Sir, I said that I would speak about land use. Barbados is in a process of transition and much as Barbadians do not relish the notion of foreign capital into this country, for good strategic reasons Barbados must provide a balanced and a welcoming environment to responsible, and I stress the word, responsible, foreign entrepreneurs who want to establish in this country.

Mr. Deputy Speaker, when I say that we are in transition, we have reached a stage in our development where concessional flows of financing that are available, better to endow developing countries are not open to us. In respect of the IDB, the US Government is threatening to cut off our access to concessional resources. We still have a lot of development to carry on in Barbados. We have to build the West Coast Sewerage Project, we have a massive Coastal Conservation Project to carry out, the modernisation of the justice system and so on.

If Barbados had to rely upon borrowed commercial funds to finance large lumpy investments, we would soon get involved in a debt problem because, essentially, we are borrowing on the market to finance large investments where the gestation period for realising the investment is very long and the returns are low. Private foreign investment for us, therefore, becomes more important as we lose access to concessions and flows.

I must insist, Mr. Deputy Speaker, that they must be responsible. They must respect our traditions of governance. Barbados does not offer one-stop shop approaches to treating with foreign capital. Although the Government from time to time is criticised for not offering such, we do not believe that that is best, having our governance traditions taken into account. Sir, the Government of Barbados will reserve the right to do due diligent exercises to be satisfied that we are dealing with reputable people.

In every instance as well, Mr. Deputy Speaker, where people need to do development that could affect our marine environment, we are insisting that there must be environmental impact studies even before outline planning permission can be granted. We are satisfied, Sir, that affecting the marine environment in Barbados without prior environmental study can either disastrously affect that environment or close doors forever.

We are also insisting that wherever practicable there should be joint ventures between the foreign capital and local entrepreneurs. But what we do not want to portray is the notion that Barbados does not welcome foreign enterprise in this country.

I must say, Mr. Deputy Speaker, that there are a large number of important new investments that involve foreign enterprise, that is, responsible foreign enterprise, that we would welcome into this country with a view to sustaining the expansion that has taken place in recent years.

Sir, I have taken the House through most of the expenditures that Government is committed to. I also must tell the House that the Public Sector Investment Programme for the next financial year is not limited to the \$351 million in capital expenditure that is set out in the Estimates.

Over the next few years, Mr. Deputy Speaker, the Government intends to expend over \$361 million in

investments by entities, owned by Government, outside the Consolidated Fund. Many of these will be new and exciting projects that will add to our productive capacity, expand our foreign exchange earning capacity and opportunities for job creation. Some off budget capital programmes being carried out by Government enterprises will start in this financial year.

In particular, the Barbados Hilton Hotel Project - \$153 million investment is at the point where all of the financing has been secured and the activity is due to begin in May. Needham's Point Development Inc. which is an entity owned by Government will be redeveloping the Barbados Hilton Hotel as well as other Government lands at Needham's Point and we are looking to transform the Hilton Hotel into a top resort, corporate hotel aimed at the higher end of the corporate and incentive market and to develop lands in conjunction, in the Needham's Peninsula, with the private sector to provide over 1 000 beds in hotel and condominium accommodation on the Needham's Point Peninsula.

Sir, that \$153 million investment is scheduled to begin in May. The financing will be by way of a consortium injecting a mix of equity of \$50 million, creating equity of \$24 million and loans of \$75 million.

In terms of equity, the Government of Barbados will provide \$37 million in equity, the Hilton International - \$10 million, the National Insurance Board - \$6 million and the Caribbean Development Bank - \$1 million. A syndicated loan of \$60 million will be lent by CIBC and the Caribbean Development Bank will lend \$14 million to the project. The financing for the work at Hilton has been secured and the project will start during the course of this financial year. It is not included in the Estimates but it is part of the expansion of which I speak.

In addition, Sir, the Barbados Tourism Investment Inc. which is an entity owned by the Government will begin this financial year to carry out an urban rehabilitation programme related to tourism development in areas such as Bridgetown, Speightstown and the St. Lawrence Gap.

The Tourism Investment Inc. has already raised a bond of \$25 million to help finance this project and has already secured a loan of \$50 million from the Caribbean Development Bank. It will be carrying out a \$75 million urban rehabilitation project in key tourism related areas of Barbados to expand substantially what Barbados has to offer.

Sir, you would have already seen some of the activities. The rehabilitation of Swan Street is in that vein and the building of a boardwalk along the Careenage. Beginning this year, Sir, we will have things like the extension of the reclaimed waterfront car park, the redevelopment of the Princess Alice Highway, the bus stand, the conversion of the old Town Hall into a modern office facility, the restoration of the Jubilee Gardens, rehabilitation of the Princess Alice Highway, the development of the Outer and Inner Careenage, the restoration of the Chamberlain Bridge and the building of a marina in that area. All of these are projects for which financing has already been secured.

In Speightstown, Sir, the lands now occupied by District 'E' Police Station have been vested in the Tourism Investment Inc. because it overlooks a hill and is wonderfully located for tourism development. There was an old building that was built to provide for a mechanical workshop for the Ministry of Public Works and Transport in Speightstown which has never been used. In return for the land at District 'E', the Tourism Investment Inc. in collaboration with the Ministry of the Attorney-

General will convert that wonderful building into the police station for Speightstown in the centre of town.

2:25 p.m.

Monday, March 12, 2001

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

There will be 'street scape' improvement and improved lighting in Queen Street, Sand Street and Orange Street along the same way that we did it on the waterfront. We have made provision for a car park, a roundabout and there will be drainage of the salt pond. In the St. Lawrence Gap there will be street lighting, 'street scape' improvement, construction of the Dover Police Station, rehabilitation of the Dover pavilion and construction of beach facilities at Dover. Mr. Deputy Speaker, all of these are in the programme including the development of the Spirit Bond, the Old Savoy and the Old Eye Ward property, all of these will be in the programme. This is a \$75 million programme for which financing has already been secured and which will substantially expand the foreign exchange earning income generation and employment creation prospects of the country.

Sir, the Government also proposes to build a new justice complex, using means other than the Consolidated Fund resources, which will cost \$67 million. This year, the National Housing Corporation, from its own resources will be expected to provide 1 234 houses at 25 sites across the country at a cost of \$22 million. This housing programme is expected to be financed from the ordinary resources of the National Housing Corporation.

Mr. Deputy Speaker, in addition to \$351 million for capital expenditure on budget, a \$18.5 million new business park at Newton, Christ Church will be constructed. The private sector will provide the finance for the construction for the new building park. Other programmes are: an accelerated water main replacement programme by the Barbados Water Authority and an expanded oil exploration programme by Barbados National Oil Company. Mr. Deputy Speaker, may I also say that the negotiations are very far advanced by the Gems of Barbados project to bring a major new equity partner into the programme. I want to go on record as saying that when you objectively evaluate what has been done at the Savannah Hotel that the Gems of Barbados project has succeeded wonderfully well in being a catalyst for the transformation of south coast hotels in Barbados. We had a situation previously where we had two Barbadoes where hotel accommodation was concerned, one well developed on the west coast and, poor accommodation on the south coast. The Gems of Barbados has lifted the quality, and now genuine equity partners are interested in making a substantial equity injection in the Gems of Barbados to allow us to contemplate finishing the other part of the activity.

Mr. Deputy Speaker, when I speak in terms of an expansionary policy, I have these things in mind, \$351 million in capital expenditure and a large amount of off budget expenditure by public enterprises all designed to expand employment, create foreign exchange and the like.

Mr. Deputy Speaker, in that expansionary mode, Government has taken note of the fact that there is still excessively high liquidity in the country. Excess cash reserves of the banking system at February 14th stood at \$143 million. Internationally, Mr. Deputy Speaker, there has been a determination on the part of our major trading partners to reduce interest rates. In recent weeks our treasury bills issues have been oversubscribed by large amounts and, as a result, the average treasury bill rate has been pushed below the minimum rate of deposit.

The Central Bank of Barbados has, therefore, in the face of the very strong and excessive liquidity in the system made recommendation to me that to encourage the lowering of borrowing costs to the productive sector while promoting higher investment spending in Barbados I should contemplate agreeing to a reduction in the minimum deposit rate at this time.

Mr. Deputy Speaker, the minimum deposit rate sets the basis upon which the banking system makes loans and set its rates for the productive sector. I have accepted the advice that effective April 1st the minimum deposit rate should be reduced to 4% from 4.5% and that the discount rate that commercial banks have to pay when they exceed their cash requirements, which affect the rate at which they lend to the public, should be reduced from 10% to 9.5% effective from April 1st. Sir, interest rates in Barbados are intended to be reduced beginning with the reduction in the minimum savings rate as part of the overall policy to facilitate the further expansion of the economy by making business costs and conditions more favourable.

Mr. Deputy Speaker, in addition at present there are exchange controls in the areas of expenditure on education and health. These are two essential areas in which foreign payments have to be made on an ongoing basis and these are two areas which suggest themselves as worthy of further exchange control liberalisation. At present, Mr. Deputy Speaker, Central Bank's approval is required for transactions in excess of \$50 000 for educational purposes and \$100 000 for medical expenses. These limits have been in place since 1997. Few applications have been received for amounts in excess of these amounts. The Central Bank of Barbados has, therefore, recommended to me and I have agreed that effective April 1st, 2001, all remittances in respect of payments for education and medical treatment abroad should be removed from requiring Central Bank's exchange control and should be made under delegated authority to commercial banks. Commercial banks will be responsible for them rather than entities having to seek exchange Central Bank's permission.

Sir, in order to ensure that such transactions are legitimate they must be supported by documentary evidence and such matters as would satisfy the commercial banks that the transactions are bona fide.

Sir, our policy remains one of a gradual approach to exchange control liberalisation. It is anticipated that we will have to accelerate these programmes in the context of our obligations under Protocol II in relation to our CARICOM obligations.

Mr. Deputy Speaker, I want to turn to matters pertaining to revenue. I am not going to tire the House

with a full exposition on the revenue items point by point but it is to be noted that our revenue estimate for the next year presupposes that revenue is going to grow only by 4%.

2:35 p.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O.S. ARTHUR: This is a relatively conservative Estimate of Revenue. Government expects as was the case this year, the major source who revenue will come from the income tax together with a buoyant Value Added Tax.

I must say, Mr. Deputy Speaker, that it continues to be a matter of the greatest concern to the Government that the arrears outstanding to Government remain very high and constitute a source of potential revenue, if realised, which gives the Government greater fiscal comfort and will allow us to do more creative things.

Sir, at the February 2000, arrears of excise duty stood at 35 million dollars, in large measure owed by the Barbados National Oil Company which in the previous fiscal year did not pass through oil increases to the Barbados public but chose not to pay the excise duty. So, the consuming public would have ordinarily had to pay 35 million dollars more for gasoline and whatever else. Barbados National Oil Company acted like an independent republic as it sometimes is, Sir, and chose not to pay the excise duty. We set a target to recover it this year, Sir, but we were only able to work down 1.3 million dollars in the arrears. This means that 33.8 million dollars is to be collected but we have not made any provision for them in this year's Estimates. In this year's Estimates, the excise is expected to be net of these arrears this year. If they come to us, Sir, there will be a bonus for us.

The point is, that oil prices being so volatile, if we were to try to collect the arrears all at once, then we will put oil prices in a position where it would become a serious drain on the economy. It is 33.8 million dollars owed to Government by a Government agency that in due course, we will collect.

Mr. Deputy Speaker, at the start of the year 75 million dollars in land tax was owed to the Government. We have established a programme with the expectation of collecting 25 million dollars of that. In the course of

a year we collected, not 25 million dollars but 19 million dollars. At the end of the year, Sir, the amount of land tax in arrears amounted to \$74.7 million.

The Land Tax Department has been given new powers for garnishing and they have started to put out Notices to auction the sale of people's properties. Five properties have been sold and there has been a response. I want to say, Mr. Deputy Speaker, that three times in the last 15 years, amnesties have been granted for the land tax.

We cannot have two Barbadoses in which some pay their taxes and other do not pay their taxes. Therefore, the Land Tax Department will continue an aggressive programme to collect those arrears. They are not however included in the Revenue Estimates.

In relation to the Value Added Tax, Sir, a more serious situation obtains in Barbados. When I was working in Jamaica, a bauxite company once reported that every week a man would leave the bauxite company with a pan cart filled with sand and the guard searched the sand. At the end of the year 52 pan carts were missing.

Every year you hear complaints from the private sector about the refunds that the Government owes them. In fact, what you are not told, Mr. Deputy Speaker, Sir, is the way in which that is a distraction from the real issue. Arrears owed by the people on the Value Added Tax, this is a new tax, has started to mount. We observe again that they are some people in the society who will pull their weight and others who will not pull their weight.

It cost us 100 million dollars for the QEH; it cost us 94 million dollars for secondary education and 82 million dollars for primary education. If people want to have access to roads and so on, they have to pay their legitimate amount of tax, Sir.

At the start of the financial year there were 50 million dollars in Value Added Tax in arrears. We set a target of collecting five million dollars in those arrears and we manage to collect 32 million dollars. But by the end of the year some 70 million dollars in arrears had mounted by new defaulters. Taken together, Mr. Deputy Speaker, there are some 179 million dollars in arrears owed by the various Government departments. I said that we have not made provision for the collection of a lot of these arrears in our Revenue Estimates for this year. Sir, you can be sure that the Government will want to pursue these matters aggressively.

The truth of the matter is that those persons who are carrying their obligation can rightly feel that they should be entitled an ease but that ease can only be made if everybody pulls their true weight. If this money was paid in as it should have been paid in, then we would be in position to speak about a more comfortable financial situation and we would be in a position, Mr. Deputy Speaker, Sir, to speak in terms of the tax relief that people would desire.

I say that, Sir, conscious of the fact that worldwide there is a consensus to try to reduce the top rate and other rates of income tax as a way of stimulating private initiative. In Barbados we cannot be immune to the fact that our top rate of tax at 40 percent, is high by international standards, and is reached at a relatively low level of income.

The reality is that this 179 million dollars in arrears has to be worked down and be collected in large measure. Therefore, you will notice that last year, very quietly, where departments lack teeth, we have provided the new administrative arrangements and the resources for them to make collections.

I must also state, Sir, that 137 million dollars are also owed by employers to the National Insurance Board. This is a very wrong thing because Barbados is becoming a very aging society. The worst thing that can happen is that a man work and believes that he is secured by his contribution to the National Insurance that had been deducted from him and it is not being passed over. I have agreed, Sir, certain

amendments to the staff of the National Insurance Board to strengthen its ability to be able to collect this money.

The security of the National Insurance Board must never be put in doubt by reason of persons deducting people's money and not paying it over or people not living up to their responsibility. Sir, this is something that you cannot compromise on because if you do not act now, then you will put future generations in a situation where the contribution rates will have to rise as high as 35 percent by some estimates and that must be forestalled.

Mr. Deputy Speaker, in relation to revenue, the Government has used very modest revenue estimates but there is that large amount owed to Government that we would like to be able to bring in to reduce the size of the deficit. Also, to give us the opportunity to look to some element of relief for those who are paying.

2.45 p.m.

Monday, March 12, 2001

Continuation of Rt. Hon. O. S. ARTHUR: I want to use that to make, perhaps, one of my last statements in this presentation. There have been calls to the Government to undertake additional forms of tax relief.

In recent years, the Government had three processes of tax relief. In the early 1980s' the Income Tax and Direct Tax systems was reformed. In the mid-90s' we abolished eleven indirect taxes and replaced them by one Value Added Tax (VAT). Two years ago, we started the process of reforming the Property Tax system to remove the distinction between vendors and buyers, but also to bring us into compliance with international standards that deal with the national treatment.

There are now, at present, Sir, two important studies being undertaken by the Government that can have implication for the structure of our tax system which I would love to see completed before we

make any further such adjustments to the taxation systems.

Firstly, as part of our commitment on the Caribbean Single Market and Economy there has to be some degree of convergence on the tax system to make it neutral as to where, from a taxation point of view people, will want to locate their enterprises, but if you have wide differentials in tax systems in integrated area then taxes alone will decide on the location of production and Barbados has relatively high nominal taxes but we have a vast array of allowance that other Caribbean countries do not have both in relation to Corporation Tax and Personal Tax. There is a study that we have commissioned to begin to evaluate the need for us to reform our taxation system in the context of our participation in a tax harmonization programme for the Caribbean. We await that study, Sir.

Also, as part of our initiative to be better prepared to deal with the OECD related issues the Government has commissioned a study to evaluate the implications of having a convergence in tax systems for on-shore and off-shore economic enterprises.

Again, Sir, we are not making a decision on the issue until we have fully studied the implications, but the House will surely agree those two studies have such far-reaching consequences for the future of our tax structure that we should get them to hand before we jump to any judgments about how we change both direct and indirect taxes. I lay that before the House Mr. Deputy Speaker, because as I said I am not insensitive to the fact that there will always be a perception in this society that you are being over-taxed and I am the first person, Sir, to concede that in our country, the top rate of tax of 40 per cent is high - we did not set it, but I am not ashamed to say that it is high and it has also reached at a relatively low level of tax relief and that is true and that at some stage it will, in itself, become its own deterrent to private initiatives. Because, if you have a high rate and a low level of taxable income then people will either find ways of beating the system or not making the effort, so it has to be reviewed and it has to be reviewed in the context of the programme to reduce the arrears and the programme to speak to the issues on convergence on Caricom and to live up to our international obligation. I give the House that as a background as to where we are on taxes and the House can be sure Sir, that as soon as the studies come to hand we will share the full benefit of the studies with the House. I want to stress this point.

I feel that we should approach the matter of tax changes in a disciplined way. There has been a downside and I was previously advised that there has been a downside in economic prosperity in this country. The society is becoming over-indulgent, it is true. There are a lot of Barbadians who now believe that everything should be provided for them by the Government. There is also the feeling that it is coming to them too easy and that the growth and development takes place unchecked. There is what I call, Sir, a culture of contentment taking place in this country and a bit of greed. There are also people who want to live in society where you can have access to open-heart surgery free of cost which, in the United States of America costs over \$70,000, but Barbadians do not want to pay taxes.

I have already stated the position, Mr. Deputy Speaker that Barbados is still at too early a stage in its national development for us to kick down the ladder of social opportunity by denying access to critical services which are necessary for social development.

I believe, Sir, that once it remains within our capacity we should continue to pay for the education of Barbadians to attend the University of the West Indies, Cave Hill. It is not only about building schools, Sir, it is an opportunity that has been the main opportunity for a whole class of otherwise

disenfranchised and marginalised Barbadians. I feel we should keep that in place. I also feel that despite the pressure that the Hospital is undergoing that we should allow Barbadians to continue to access health care because a healthy population adds to a productive population. I feel Sir that we have to continue to have a social safety net that stops Barbadians from falling through the cracks.

We have a programme here for the expansion of Urban and Rural Commissions activities on poverty eradication and the like. I feel we should keep those things in place. I feel that we are right in accepting, as a philosophy, that this country will not be properly developed until every community has access to modern 21st Century facilities. The notion of a community or a village without a road...that is medieval. The notion of a community in which children have no place to play, that is not part of the Barbadian culture in the 21st Century. These things come at a cost and if it means that we have to have a higher rate of tax than other Caribbean countries where these facilities are not being made available or where there is not the philosophy to provide them, then I feel that it is worthwhile. It means, Sir, that the Government will not be tolerating corruption. It cannot and we will not. Nor will the Government accommodate mal-administration. And Sir, I want to say this. The last Auditor-General's Report indicates that the Tax Administration and Expenditure Management Project illustrates a lot of the bad practices in financial administration that used to go with the manual system. Now that we have computerized most of the transactions they are now being made available. Every Government Department that has been negatively referenced by the Auditor-General has been given a requirement to place before Parliament as soon as practical, full and comprehensive explanations as to what lie behind the Auditor-General's Statement. I am insisting on it and insisting on it beginning this year and every other year. It is not just a question of laying the Auditor-General's Report but these departments must explain why it happened and what steps are being put in place to stop them from happening in the future.

I stress, Sir, that none of the matters that has been referenced in the Auditor-General's Report speaks to the conduct of the Minister. We have instances where people are not lodging things. We have instances where people - and I must say this as well, where in one instance - and I will not go into that unless provoked, but it has to do with people not carrying out their accounting responsibilities as required by the law and the Government is not prepared to agree that those departures from the practice should continue.

So very shortly the House will be getting them one by one, and as I said, we should get them every year. Not just the Auditor-General's Report, Sir, but a statement by the Ministry that explains the departure and what will be done to correct the departure. I stress that point Sir, because I am very conscious, as I said earlier, the future development of Barbados will take place within a more difficult and challenging environment and that while I am allowing some fiscal latitude Sir, I am doing so with zero-tolerance to corruption and maladministration. The Government will take stern measures where there is evidence of any corruption in Statutory Boards or in Government Departments. There are a few who would have already have had to carry the price for being involved in practices that are not in full compliance with the best financial practices that we expect of a country known for its good governance.

Mr. Deputy Speaker, Sir, as I said I am prepared to live with a larger deficit this year than I would have stated as the deficit that I think is optimal.

2:55 p.m.

Monday, March 12, 2001

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

In fact, I think an erratum would have been circularised, indicating that there is an error in the computation of the amortisation and the interest charged. It does not affect the total debt service nor does it effect total expenditure but the reallocation of between one and the other could affect the notional deficit net of GDP. Sir, it was a computation matter.

The point I am making, Sir, is that the total expenditure is not affected and I am not excusing myself from the responsibility. I am accepting full responsibility for it although it was an error. The point is that in these Estimates there are a large number of one-off expenditures that will not recur from year to year. The 8 per cent pay cut, Sir, will go from next year and my concern is more with the underlying structural deficit rather than the motion deficit this year.

As I said, the \$22 million for the 8 per cent comes off from next year, the Housing Credit Fund, \$10 million and there are a large number of one-off expenditures that will not occur. But in any event, Mr. Deputy Speaker, given the state of the reserves, given the state of the liquidity situation, I would have wanted to have been in an expansion mode this year to allow us to give the Barbadian public, the prospect of continued material expansion and a wider range of social opportunities.

It is in this spirit, Mr. Deputy Speaker, therefore, that I am very greatly pleased to be able to commend these Estimates to the House. The financing of them reflects a preponderance of dependence upon the domestic market and I said we can do that with excess liquidity running in the way that it does.

I, therefore, Sir, commend these Estimates of Revenue and Expenditure to the House on the grounds that they will, when executed, fulfill the objective as set; that they will support the continued expansion of our economy into a ninth year by focussing strategically on capital formation, both on budget and off budget; and that they will help us to lay the basis of material prosperity, Sir, and expansion into a tenth year. By drawing from best practices, Mr. Deputy Speaker, they will maintain sound fundamentals. Namely, they will co-exist with strong growth, falling unemployment, stable prices and a sound balance of payment position.

These Estimates, Mr. Deputy Speaker, also raise the possibility of new opportunities, cutting across a whole raft of new social endeavours. It is my judgment that in relation to bringing us closer to our goal of converting this country into a full, well-developed society, Sir, these Estimates will bring us a day's march nearer home and I am greatly pleased to commend them to the House.

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

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

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, I am pleased to join in this Estimate Debate for the year 2001 to 2002 and to comment on behalf of the Opposition on our views of the state on the Barbados economy, challenges that face our country and the measures that the Government has identified in the Estimates, in terms of its allocation of expenditure and the sources of its revenue, as being significant.

At the outset of the debate, the Honourable Member for St. Peter basically crafted his presentation on the basis of what he was either reading or hearing from the Opposition. He was concerned that the Opposition raised valid criticism of his employment strategy. He was unduly, I mean unduly in the sense that he heads a Government which has 26 members against an Opposition that only has two members, concerned about our view in relation to employment levels in Barbados. He was very concerned about comments made by the Honourable Member in the Other Place who basically outlines some of his key concerns about the Barbados economy.

Mr. Deputy Speaker, the Honourable Member for St. Peter is free to ignore us. I have already said that to him in Budget debates, in Estimates debates and in other debates. He can ignore us. He can craft his policies as if he is the well-spring and the font of all knowledge, the repository of all economic skill and ability in Barbados. He can rip to threads every single member of the Democratic Labour Party for bringing information to public attention, if he wishes.

He cannot go and address the 250 people who have just been or are about to be severed from BET, Cable & Wireless and BARTEL because their interests in his credibility or response to his credibility would have stopped at that point in today's presentation. He cannot address those remarks to the long list of applicants in Barbados waiting for house spots from the National Housing Corporation, who know that the Government has acquired 1 000 acres of land but that has had and will have no immediate impact on their fortunes so he could not be speaking about them, even though he should be speaking to them. He is not able to apparently address his mind to the long list of persons waiting for operations at the Queen Elizabeth Hospital (QEH). He, apparently does not share the frustrations of the Barbadian worker who is caught in traffic congestion on our streets every morning, no matter from what point you attempt to enter Bridgetown. He seems less interested in the views of the sugar workers who are hearing from every quarter that it is likely that the sugar industry will grind to a halt. He does not appear to be moved in anyway by the concerns of the persons who have been dislocated in the informatics sector in Barbados.

We said there were going to be job losses. There have been job losses. We did not say there will be ten or two million, we said that there will be job losses in Barbados because every indication we had was that there will be job losses.

We had a debate in here about telecommunications. The Human Resources Manager for BET is selected by the Honourable Member for St. Peter to sit in the Other Place as a Senator and the Government debated the Telecommunications Green Paper in here, pretending that it had absolutely no knowledge that BET, Cable & Wireless and BARTEL was going to terminate 250 workers in Barbados.

3:05 p.m.

Monday, March 12, 2001

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

So can I trust anything that anybody on that side said in any debate in Parliament? The human resources manager is his right-hand man and forgot to tell his colleagues in Parliament. In the mist of a televised debate in which we were not speaking to each other, we were speaking to the people who elected us to Parliament, it was apparently not a matter of sufficient interest or importance to tell the public that 250 of those workers in that important telecommunications institution would be dislocated so why bother about the Opposition. If you are not going to tell the people the truth then let the public in Barbados ...

Hon. R. R. FARLEY: On a point of order. The Honourable Member is imputing improper motives to Honourable Members on this side by indicating that we tried to fool the public of Barbados on a matter of great public importance. As Minister of Telecommunications I was informed by letter dated the same day on which they spoke to the union, which was two days before they spoke to the workers, of the proposals subject to the agreement of the union to sever the additional workers. I have a note here from Cable and Wireless in terms of the discussion of the merger between 1997, in relation to 40 to 50 jobs. The Honourable Member is, therefore, misleading the House by purporting to place any knowledge on us of such action during the course of the debate on the Green Paper on Telecommunications.

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, if the Honourable Member got up to say that he was misled by somebody, it was not me, because I never said that one or two millions were going to be dismissed. If the intervention of the Honourable Member is to say that the human resources manager misled him then I accept that. That is the point I was making, that they are misleading each other and as a result of misleading each other they are misleading the public. It is, therefore, the Opposition, whom they want to ignore and are entitled to ignore, that has to bring to the public the true picture of what is happening in the Barbados economy.

I applaud the Honourable Member for St. Peter for reminding me very early in the debate of the expression 'talk is cheap'. If I were to capsule his presentation today I would have to bring it under that designation or phrase. I do not know if he wants to call it a proverb, but talk is cheap. It is the same talk we heard in the Budget with a raft of initiatives - I like to use his language - crossing sectors. Do you know that the Honourable Member for St. Peter has not been able in this debate today to hold up the raft of initiatives across sectors that he introduced in the Budget and say that any single initiative that he spoke about had been introduced between October and March, six months after he delivered that

most important economic statement, which was delivered against a background which we in the Opposition said that he was not going to deliver on those initiatives either because he had been promising them for the previous three years as well.

So what then is this debate about? It is about talk and for the taxpayers this talk is not cheap because they have to pay us for these facilities in which we undertake our business from the poorest right up to the most wealthy and they would want to ask what today's exercise is all about. That is why we, as Opposition, have to expose it. It does not bother me in the least bit. I am also certain that it does not bother my colleague, the deputy leader of the Opposition, whether the Prime Minister reads every single clipping of every statement that have been made by members of the Democratic Labour Party parliamentary team in the past six years because he would find at the end of the day that in almost every particular instance we have been correct. He may change definitions because he is very good at that.

Economists have been saying that a Government has to start to concern itself when most of its country growth is taking place in the non-trading sectors. That will be a classical view which the Honourable Member for South Philip South would have expressed from time to time and he certainly would have said it back in 1991.

Today, now the Honourable Member for St. Peter tells us that the definition of the trading sectors needs to be changed. He cannot produce growth in those sectors so what he is telling us now is that the trading sector is not really the trading sector as we know it but that in the non-trading sector we may find some kinds of activities so he then shift the goalpost and believe that the Opposition would be as gullible as the members of his Cabinet are because if he was not in here today to deliver this presentation I would have to sit and wonder what we would be treated to and who would be treating us to it. So he shifts the definition and people are gullible enough to go along with those shifting definitions in relation to economic performance when everybody can see what is happening in the Barbados economy and I am going to get to that right now.

The Estimates this year cannot even be described as business as usual because in a sense, last year's Estimates were slightly more creative in terms of thought than this year's Estimates. What one can say about this year's Estimates is that we are basically in a standstill mode because there is nothing new or creative about this year's Estimates that is going to change the way we are presently doing in business or will impact on the way in which we should be doing business by the year 2002.

There are two other concerns I have about this year's Estimates. I do not attribute the blame for them to the Honourable Member for St. Peter but I would express my concern. This is the first year that I have had to rise in an Estimates debate without the benefit of an Auditor General's Report. The Honourable Member for St. Peter spoke about the Auditor General's Report as if there was something in it that I should be concerned about. Lest anybody should think that I am negligent in not undertaking my duties and identifying the infelicities of which he spoke and has knowledge of, I do not yet have knowledge of it. I just want to make it clear that if those infelicities have been documented by the Auditor General, we on this side have not yet seen them because the Auditor General's Report though laid has not been circulated to us on this side. I do not know if it has been circulated on that side. That is a pretty serious matter because I believe that the Government knows that every year I take time to go through the Auditor General's Report to identify some of the critical concerns that he addresses about the state of the administration of public finances in Barbados. We do not have that Report in our

possession.

The second concern is that when I first entered Parliament, the Estimates debate would have been conducted against a background of a pretty full document, outlining the state of the Barbados economy, called the Economic Report that would have been presented to parliamentarians along with the Estimates so that the debate did not rely on what the Prime Minister and the Minister of Finance, if he has both posts, or the Minister of Finance alone said about the economy but the debate relied significantly on the documented information that was presented in the Economic Report.

3:15 p.m.

Monday, March 12, 2001

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

We had a budget debate last year which was October, 2000 and an Economic Report for 1999, 10 months after 1999 ended. We are now in an Estimates debate without an Economic Report which would give us a clear picture of the state of the Barbados economy and some analysis by the Ministry of Finance and Economic affairs about the forecast for the year ahead. We do not have that information, and I am saying that Parliament is the poorer for the fact that that information is not made available at the beginning of this Estimates debate.

Let me deal with Barbados in the year 2001. We all know, Mr. Deputy Speaker, Sir, that although, mistakenly, the year 2000 was heralded by significant fanfare as the beginning of the Millennium, not just by some people in Barbados but other people throughout the world saw it as a major milestone, event or date in our lives. It heralded the transition from the decade of the 1990s to the decade of 2000.

Mr. Deputy Speaker, as that century comes upon us what I believe economic historians will say about Barbados is that there was a sense in which this country was drifting along, still coasting on the reforms which took place in the early 1990s in Barbados, with a Government that was trying to squeeze every last bit out of those reforms to our major economic sectors. The evidence is there to support that particular view.

Government is, of course, under no political pressure to take stock. They have a comfortable majority in Parliament and that is the basis on which the Right Honourable Member for St. Peter has been able to identify a sense of arrogance in his own party that he said needs to be rooted out. It is a sense of arrogance that the public had already, a long time before, identified. More than arrogance, has been the complacency with which the Government has failed to be accountable to the people of Barbados and to

be transparent in a number of areas of Government's financial activities.

As to the people of Barbados, despite the assurances given by the Right Honourable Member for St. Peter in his presentation just now, they would have to be characterised as being busted by high levels of taxation, by increasing levels of crime, problems of traffic congestion and uncertainty and bewilderment about the future. The year 2000's economic performance would have done nothing to heal the damaged psyche of the average Barbadian who would have been buffeted by this uncertainty over the effects of globalization, in particular, but also the uncertainty about whether they can cling on to what is left of Barbadian culture and way of life and our uniqueness.

We have had seven years of consecutive economic growth and that is a tribute to Barbadian sacrifice and determination, but we feel very strongly in the Democratic Labour Party, Mr. Deputy Speaker, that that growth should not be squandered nor should it be unfairly shared; but that is precisely what is happening in Barbados today.

This seven-year period going into eight years of economic growth would be characterised by the wealthy consolidating, while lower and middle income Barbadians have struggled to maintain the relative standard of living that they once enjoyed. It is there for all to see. There was no discussion of that, and there is never any discussion of the plight of middle income Barbados which may very well be the largest category or where the bulge in the income population exists. Very little would have been said other than by throwing a few programmes here and there about the plight of the most marginalised and the poor in our country.

The Prime Minister cannot deny that average incomes have not increased at the rate at which prices have increased which has resulted in less spending power in the hands of the average Barbadian. Nor can he deny that in the process of consolidation of the wealthy in Barbados that several of the acquisitions and changes in the corporate structure in our country have brought uncertainty to the job market as workers have been asked to accept voluntary severance in the attempts by businesses to become more competitive.

Would you believe that we said that in our year 2001 document, Mr. Deputy Speaker? It was entitled Barbados in 2001, What Next? It has proven itself to be the case. The most recent example of it being the scenario in relation to the BET and BARTEL. The benefits of the growth at the beginning of the millennium would have gone unjustly and exclusively to the owners of capital and the Government sector rather than to the workers in Barbados consistent with the trend over the last six years.

You have had a situation where in the last six years as the wealthy consolidated, as Government improved its revenues and as the Government sector improved, the persons who suffered most, at the end of the day, in Barbados, were the workers. They were not seeing any significant improvement in the level of their salaries or in their status as workers in our country. That is patently clear.

The social partnership of which the Prime Minister said nothing, even though it was supposed to be the most important initiative about three years ago to design the way we live in Barbados, has now been described by the leader of the workers' organisation as a place where there is a lot of lofty discussion which never translates itself into action on the ground, either in relation to Government or in relation to employers in the private sector.

He has confirmed a position that the Democratic Labour Party has maintained since 1994, that the social partnership in Barbados is being used as a whip and a sword against the workers in this country. It was the first time that there had been such a patent acknowledgement of that by the leader of the major private sector and public sector trade union in Barbados representing those at the bottom of the economic ladder. That announcement was made only this week. That is a stunning indictment of the policies of the Barbados Labour Party entrusted into the hands of its Chairman, the Honourable Member for Christ Church East, who is the surrogate of the Honourable Member for St. Peter as the principal negotiator for the Government. What the trade union leader is telling you, in case you did not pick it up, is that your lofty discussions with him and the private sector are benefiting only you and the private sector.

3:25 p.m.

Tuesday, March 12, 2001

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

but that the workers he represents at the bottom are finding that none of that translates into any material or other improvement in their lives. That is a point the Democratic Labour Party has been making consistently. I repeat since 1994, that Government itself has become a bad employer and that the social partnership is never used as a shield to protect the rights of workers in Barbados.

Sir, therefore, what you have in our country is a social partnership that has excluded workers except in relation to requiring them to accept a policy of wage restraint and a wage freeze in some cases without a system of rewards to allow them to truly share in the accumulated profits of the enterprises in which they are helping to build. Imagine that in our present environment Government can say that our revenues have been boosted. In fact, even if we do not collect arrears we are doing well. Businesses in Barbados say that we have recorded the highest level of profit in our history in an economy in which there is some uncertainty about the future. But they are recording the highest level of profit and yet the workers in Barbados are not able to say that any of that has translated significantly into benefits for them.

As I said, the Honourable Member for St. Peter does not have to listen to me because I am not the one who said it last week. I am saying it now. I have said it in every Estimates Debate. I have said it in every Budget Debate, Sir. I have said it at our "Under The Street Light Meeting". The Honourable Member for St. Lucy has said it again and again. The Senator has said it, the Senator who upsets him so much, and now at least the leader of the labour union has pointed out that what he is really saying in a real sense is that the social partnership has been worthless to the workers of this country.

Sir, as a consequence of this, there has been a very slow growth in their personal incomes against galloping prices for precious assets like land and increases in the price of services in Barbados. Therefore, you develop classes of Barbadians called the working poor and the struggling middle class upon whose backs more and more pressure is being placed while we boast of buoyancy and growth in

the Barbados economy.

Sir, persons are poor not only because their real wages have fallen but their hopes and aspirations would have been undermined. Sir, they are poor because they can no longer afford to own or pay for a house and land and they cannot access a house and land in Barbados. They are poor because their incomes are being restrained by an Incomes Protocol that generally does not allow them to share justly in the benefits of the Barbados economy. That is the problem. We are not asking them to share inordinately. We are not asking them to benefit where they have not made sacrifice. We are not saying that people must take all of their profits and distribute them only to the benefit of the workers and that they must not plough some back into the business, but we are saying that the workers in Barbados are not sharing justly in the profits of enterprises and they are not sharing justly in the benefits of the revenue growth and the expenditure patterns which the Government has undertaken in the past six years.

Sir, coupled with that phenomenon of the working poor and the struggling middle class in Barbados has been a deterioration in the social sector. It is amazing how the Honourable Member for St. Peter relates a deterioration in the social sector to buildings. What does the major problem of health in Barbados have to do with the building in Martindales Road? We also have polyclinics dropping to pieces, garbage uncollected and rats running around in schools at unprecedented levels or I should say sharing classrooms with students. Perhaps that is better language to use. We all know that rats particularly when the canes are being cut migrate. I live next to a cane field so once canes are cut or burned, mice and rats overtake the place. The Honourable Member for St. Phillip South knows that. We as a community have to go and get rat bait from the Ministry of Agriculture and we put it in the fields and so on. Well, we go and request it because I do not think that they give it out anymore.

Sir, you can go right down the social sector in Barbados and you will see the level of deterioration that is taking place. The Government's focus has not been out to grapple with that. If the Government was grappling with that, they would have listened to the Honourable Member for St. Michael South East last year and they would have increased his budget significantly and transferred some of the other areas of social policy under his portfolio. Instead of that, he hardly gets enough to do, a few more token initiatives in his Ministry but he is at a standstill as well, other than in relation to the Urban Development Commission.

Sir, you are only dealing with the social sector when you are expanding the physical plant at the hospital apparently. The way to deal with problems of young people in communities is to put some computers in community centres on the assumption that those young people do not have to walk from their homes to the community centres and that in getting there the many temptations and realities of life in Barbados including the boys on the 'block' will not create great challenges for them and their participation in the community programmes.

Sir, let us understand this idea of always belly-aching about buildings, that is not the only issue. We need to focus on buildings too but you could have a Queen Elizabeth Hospital there and, if you did not have other aspects of your public health programme functioning in Barbados, it would be making very little contribution to our overall development. Buildings do not by themselves cure people nor do buildings deliver on social programmes.

There is too much focus by Government on this question of buildings and throwing legislation at problems. The Government is not providing the kind of leadership in Barbados that helps the same middle class that Members on that side attack constantly to know what their social obligations are in Barbados. We hear that we are going to provide computers to encourage the children in working class families to go to community centres. Now why could the Ministry of Social Transformation also not work on a programme to encourage homes that already have computers to invite children from other areas around those homes to be involved in the use of the computer, so that we build not an “us and them” social relationship but one in which, for example, the parents of children in Wildey in the more middle class developments will seek to share the resources that they have? This may sound like “pie in the sky” to some people, but if you put a little incentive behind it and the Honourable Member for St. Michael East knows what that incentive can be, I am certain that at the end of the day that you can develop that kind of community spirit.

Sir, I am only giving that as one example. Do not assume that putting computers in a building will solve it, because the Prime Minister went to St. Leonard’s School posing for the cameras. They had about 30 computers in a room. He said that he was going to learn computer technology and that programme lasted for about a year. I doubt that they have a single computer in operation in that St. Leonard’s Computer Lab. Am I correct about that or am I wrong?

Aside.

Mr. D. J. H. THOMPSON: Which lab? That is the point. Because you have to constantly upgrade, integrate new forms of technology and software and upgrade your computers and make the programme really work effectively. The resources that are presently being put in the programme are far too little. We said that in the Budget and we make an appeal again on behalf of our communities and the Honourable Member for St. Michael South East.

Sir, let us tackle those problems not just from a question of mobilizing money and buildings but mobilizing people. At the end of the day despite the doubts the Honourable Member of St. Michael East and myself may have initially, there are a lot of middle class Barbadians who generally do not know and do not have any wide vision or idea of responsibility to the rest of the community in which they live.

3:35 p.m.

Monday, March 12, 2001

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

We can help them understand that they have an obligation and that they cannot thrive and survive unless the people below them economically also survive. Doctors will never have full waiting rooms unless agricultural workers, labourers, mason, technicians and others have money to come and see them. I am not talking about lawyers who function in corporate law or the offshore sector but lawyers who are dealing with magistrates' court matters and so on, their cash flow is supported by resources in the hands of the small man. Many of the small businesses in Barbados would collapse and will collapse if you place further pressure on those at the bottom. They should want as a matter of national pride, responsibility and commitment to our country to engage in a partnership with the Government to make those additional resources available.

The deterioration of the social sector that we are talking about is the deterioration of health services, road network and the crime situation in Barbados.

I do not know who is responsible but it was publicised in a glaring manner that three thousand young Barbadians could not find places in tertiary institutions like the Community College and the Samuel Jackman Prescod Polytechnic as if it was a boast that Government has produced all of these young people who were knocking down the door to go into these institutions but could not get into them. Fortunately, in this year's Estimates a dent is going to be made in that and I would support even more resources being made available to ensure that those three thousand young people have access to tertiary education, that would be something that is making a major contribution. The Honourable Member for St. Peter said that he made some resources available but the Minister will not get and say that it not enough based on the figures that we saw already.

Mr. Deputy Speaker, the Queen Elizabeth Hospital is sick. We have had welfare grants in this fiscal year but some were eliminated in a very arbitrary manner by the welfare department. These are just some of the problems.

Unfortunately, official sources have spent the last few years suggesting that the growth in prices in Barbados have been negligible, that inflation is not an issue, that job creation is sustainable and that our foreign reserves have grown simply through better performances in the export sector rather than excessive borrowing. We know all of that to be untrue, that diet of misinformation and propaganda that the Government has been spewing out year after year is simply not correct. Instead, Barbadian know that the construction sector has been the engine of growth and that it slowed over the last year.

The tourism sector remains threatened by the increasing lack of competitiveness without a doubt. The manufacturing sector is struggling with the effects of globalisation and trade liberalisation and the offshore sector faced reversed discrimination from the OECD and sugar is continues to lose its sweetness. All of that has been the experience of the Barbadian economy in the last fiscal year.

Since 1995, foreign exchange earnings in the tourism sector has declined in real terms, that is a fact, despite what the Honourable Member for St. Peter would say about tourism leading the economic growth in Barbados. We know that foreign exchange earnings from the tourism sector has declined in real terms. We also know that they have declined in nominal terms in the last three years but one and

yet Government sources have been referring to robust growth in the tourism sector over the last few years simply on the basis of tourist arrivals. Arrivals are up but the benefits that you are getting from those arrivals are down which means that Barbados, as a country, and its workers in the tourism sector are putting out more to get less. We are being exploited more to get less in return and that is the reality of what has been happening in the tourism sector.

We all know that the issue in tourism is our competitiveness and the public should be aware that the Executive Vice President of the Barbados Hotel and Tourism Association listed a number of impediments to the further development of our tourism sector. Many of these impediments are inconsistent with our destination which will be facing very tough competition in the future.

As expected, the manufacturing sector has been the first to be affected by trade liberalisation and globalisation so that the decline in that sector has never been questioned by objective spokesmen. During the year 2000, I believe the Barbados Manufacturing Association published a document and made it available to Government suggesting ways in which we could improve the chances of the manufacturing sector in Barbados but there appears to be no serious action being taken in that area just as there is no serious action being taken in the tourism sector because in the tourism sector we have been promised a new incentive framework for tourism.

Mr. Deputy Speaker, I cannot quote so I have to work off memory. The Executive Vice President of the Barbados Hotel and Tourism Association pointed out in a recent address which was carried in the Barbados Business Authority that there are a lot of things that are still making the lives of hoteliers difficult in Barbados. One of the most glaring examples that she gave was the fact that on October 24th in this Parliament the Honourable Member for St. Peter promised in his Economic Speech that the bound rates on certain items like frozen corn on the cob would be reduced from 180% to 40%. Then she identified a whole range of other items. Dried cured hams to be reduced from 210% to 20%.

3:45 p.m.

Monday, March 12, 2001

Continuation of Mr. D.J.H. THOMPSON: Dried cured ham to be reduced from 210 percent to 20 percent and that would come into effect on November 1, 2000. She made the point that there were also 11 other products which were going to have rates reduced to around 40 percent. All of this the Prime Minister promised in the last Economic Statement, which was not a Budget according to him, but there would also have a quota of how much you can have. This is what she is saying that the Prime Minister promised.

She goes on to say that to date nothing has happened. So, you had a Budget and big announcements were made in here about the removal of bound rates.

Asides

Mr. D.J.H. THOMPSON: You can make a note so that hopefully by April 1, six months after it was announced some action would have been taken in the matter.

The new Hotel Aids Act which had been promised for two years by the same Barbados Labour Party Government has not yet been introduced, the new incentive structure for the tourism sector. They are going through another winter season this year without the benefit of the new incentive structure which the Government had promised.

Sir, she says, despite what the Honourable Member for St. Thomas is going to say, if he gets a chance to speak in here because he said that he will be speaking, the Head of the private sector agency said that they went to Cancun, Mexico and the tour operators, not the Opposition because I was not there neither was the Honourable Member for St. Lucy. The tour operators from Britain said that their number one problem with Barbados was the issue with crime.

They obviously do not read the newspaper in Barbados because they would be assured by the Honourable Member for St. Thomas that crime is rapidly coming down and that he is doing everything possible. Even if they have read it, they do not seem to be convinced that it is so and they would fall in the same category of the thousands of Barbadians who felt the same way about the Honourable Member for St. Thomas.

Asides

Mr. D.J.H. THOMPSON: It does not matter what they went back and said because you cannot meet with them every week. You cannot meet with them every time a tourist gets a problem. That is what you do not realise.

The problem over there is that the solution is public relations and propaganda. You put people in a room and grill them; spew out the Party line and get them to respond to that and the next day if you have a problem, blame the Opposition. So, you do not put in place measures to deal with the problem, you have a Bill Clinton approach. Apologise, appease and then attack the Opposition. A very successful approach for him for a while but when the public starts to see through that tactic in politics it can be devastating and it will destroy your legacy.

Sir, she is saying that Barbados will not be viewed by them as a safe destination. As they were able to market Barbados before as a safe destination compared to other destinations, they say that is no longer a marketing tool for them.

Asides

Mr. D.J.H. THOMPSON: That is not the Opposition speaking. That is the Head of the BHTA speaking about their promotional activities overseas.

Sir, she made the point that they need to seek a clarification because they assumed that the security equipment on which duty-free status was being given in the last Budget would have benefitted them but it applies only to burglar alarms and that does not help hoteliers.

They want it on surveillance cameras and lighting. These are important to them.

Asides

Mr. D.J.H. THOMPSON: Do not mind what the Budget said. The Budget said that it was moving the bound rates too and they have not been moved yet. The Budget said that they were setting up an agricultural trust; the Budget said a whole set of things and I will get to that shortly. We said that the Budget was old talk and illusions and now this Estimate is cheap talk and more illusions from the Government.

Mr. Deputy Speaker, Sir, when we look at the creative policies that were necessary to deal with the impact of WTO, the Government basically has taken six years to come to reality.

Now I have to take up some comments attributed to the Honourable Member for St. Michael North East in today's newspaper. It has become fashionable for the Barbados Labour Party to give the public the impression that the Democratic Labour Party signed onto WTO without any prior discussion and with no strategy in place for dealing with the issue of trade liberalisation.

The Honourable Member for St. Peter said that I said nothing about in the Budget in 1994, which is not correct. Not only did I speak to it, though briefly, but the then Minister for Trade, the then Honourable Member for St. Philip North, spoke about the signing onto the Uruguay round of the GATS. Even if both of us had not spoken about it and were ignorant, the Honourable Member for St. Peter is a trained Economist who was supposed to be on top of all that was happening in the world and nowhere in his presentation in that Budget debate did he say anything at all about WTO, GATS or any other trading arrangement.

In fact, he delivered himself of this absurd statement of Barbados Labour Party policy to be found on page 4768 of his reply. "The Government has committed Barbados, Mr. Speaker, to a process of trade reform with which the Barbados Labour Party does not fundamentally agree." That suits you when you are in Opposition. If I follow his approach to politics, I should now cut loose; pretend that I know nothing about WTO; blame the Government for trade liberalisation; tell them that they should come out of CARICOM and all of that.

Fortunately, the Honourable Member for St. Peter, lucky as he is, does not have that kind of Opposition. We understand the reality that is one part of it. The second part is that we are not going to do anything to weaken, as long as we agree with the policy, the stature of the Barbados Prime Minister when he negotiates overseas.

I am not going to fly off to OECD next week for them to brief me on the OECD's position like he flew off to the IMF and the World Bank in 1994 to be briefed on Barbados. I have accepted my briefing from the Honourable Member for Christ Church East and from the Honourable Member for St. Peter because I am a Barbadian first. So, they can brief us and the Honourable Member for St. Lucy will brief them on some issues, as he has done, but we are not going to the OECD behind the back of the Government.

Asides

Mr. D.J.H. THOMPSON: We are not going to do that. We do not function like that. I have not asked the Commonwealth to brief me. The difference is that on matters such as this, I have heard the Prime Minister today, I agreed fundamentally with what he said and he could leave Barbados feeling that it is a Barbadian position. Not a Barbados Labour Party position.

I had to write about that recently because people asked to hear what the Democratic Labour Party's position is on the OECD. That is Barbados' position. Therefore, I am not going to go nor would I advise anybody on my side to go behind the back of the Honourable Member for St. Peter ...

Asides

Mr. D.J.H. THOMPSON: I know of no occasions. He said what his concerns were about the OECD because like some other people he may have a genuine view. I am talking about the Shadow Minister of Financing and Economic Affairs. There are some people who have a genuine view about the offshore sector which view holds that basically countries like Barbados are benefitting from regimes of what some describe as ill-gotten gain in any event.

So, there are some people who have a fundamental problem with countries like Barbados and developing countries trading on that basis.

Asides

Mr. D.J.H. THOMPSON: I have a different view. I believe that you should reverse exploitation. We have been exploited and my craft position is, once the opportunity exists for us to reverse that exploitation in terms of our economic development, we have to do it.

3.55 p.m.

Monday, March 12, 2001

Continuation of Mr. D. J. H. THOMPSON: Now, I was making the point that in 1994 the then Opposition Leader said

“We do not agree, Mr. Speaker, that we should have a Reform as elaborated by Government in advance of anti-dumping legislation brought to this House to make sure that this economy is not flooded by cheap subsidized imports from the rest of the world...”

Where is the anti-dumping legislation now? There has not been any since the Honourable Minister made this statement...

Aside.

Mr. D. J. H. THOMPSON: He would have to bring the legislation and if he is satisfied that the present anti-dumping legislation is adequate I would want to know why Barbados went into a programme of Trade Reform under him which was more aggressive than our Trade Reform Programme without the new anti-dumping legislation which he said was necessary to ensure that this country was not flooded by cheap subsidized imports from the rest of the world.

In fact, if the Honourable Member for St. Peter were to follow his own advice and stop peeping over the shoulders of the Opposition what he would be saying in this weak debate is that ‘ I recognize that there are problems with these cheap subsidized products and I have new anti-dumping legislation which will be brought to Parliament in the next couple of days, as a means of dealing with the issue of Trade Reform as far as the removal of barriers in the Barbadian economy...’

He then goes on, Mr. Deputy Speaker:

“We believe that there are still some lines of production in Barbados which warrants some level of protection in order to make sure that jobs in Barbados are maintained at a satisfactory level and the Barbados Labour Party (BLP) will not give it support to the Trade Reform part of the programme that has been embodied in the Minister of Finance Budgetary Proposal. We believe, Mr. Speaker, that in the same way that major economies in the world could protect vital sectors of their economy in the interest of maintaining satisfactory levels of jobs it falls to Barbados to let charity begin at home...”

That was the Honourable Member’s position then. I will take a break now and then I will return to it later.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the House be adjourned for 15 minutes. We will resume at 415 p.m.

Hon. R. N. GREENDIGE: 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, when the break was taken I was dealing with the differences in approach in relation to the issue of the Organization for Economic Co-operation and Development (OECD) and the Honourable Member for St. Peter has spent considerable time explaining the issue, but which I was actually taking the Honourable Member for St. Michael North East to task and I will tell you why I am taking her to task Sir.

The Uruguay Round had actually stalled and when the GATT Agreement was signed in April 1994 which was as a result of the resumption of negotiation and there are two points I want to make.

The first, is that the idea that Barbados played no part in the negotiation is erroneous...

Aside.

Mr. D. J. H. THOMPSON: No, you did not make that part, that why I said I will get to yours, but the point is that Barbados played a role as part of the Commonwealth. The Commonwealth did have at present in relation to the negotiations for the GATT, that is well known and Barbados did play a role, but beyond that you would hardly expect that having signed the GATT in April 1994 that the Government would have been able to put in place - and this is in response to the Honourable Member for St. Michael North East - both the consultation or the policy that would be necessary to make Barbados compliant with the GATT because it was in the final negotiation for the GATT. I am certain that the Honourable Member for St. Michael East knows this, services came into the discussions and the negotiations were very, very low and therefore it was no certainty that there were going to be the completion of the negotiation. They were completed, Barbados signed on and at the time when we signed onto the GATT, the Structural Adjustments Programme which the Barbados Government had then announced and which is a document of this House in February 1994, would have seen Barbados entering into a Trade Reform Programme which would mean liberalisation of tariffs and non-tariffs barriers which are itemized here as well as a series of other measures in the agricultural, manufacturing and services sectors which would have assisted in making Barbados more competitive. As to the specific obligation under the GATT by early June the Government was functioning on what the then Prime Minister described to me once as 'minimalist activity' until the Election in September.

Now consultations can not take place in a vacuum. Look at the Protocol to the Caricom Treaty and the Honourable Member for St. Peter, who also criticizes, every now and again, how he was dealt this hand by then Democratic Labour Party (DLP). But if the Government had changed after he signed the Protocol 2 to the Caricom Treaty, nobody in Barbados would have known Barbados' obligations under Protocol 2 and even though it had been in existence for almost a year the vast majority of Barbadians do not know what is in Protocol 2. The Honourable Member for St. Thomas will tell you that the Bar Association and Members of the Bar Association who are still saying that they do not know what is in the documentation related to the Caribbean Court of Justice and that you should have more consultation

and so on.

So the criticisms which the Honourable Member for St. Michael North East made that the Honourable Member for St. Peter is into consultation with the people of Barbados which the Democratic Labour Party never held in relation to the World Trade Organization (WTO) is factually true, but it was impossible at that time for any consultation to take place on the basis of an agreement that had not been settled...

Aside.

Mr. D. J. H. THOMPSON: Well, no, we would have done that because the structural adjustment document would have been laid in here and they were supposed to be confidential. The other elements...

Aside.

Hon. Miss M. A. MOTTLEY: I hate to interrupt the Honourable Member, but the point that is being made simply was that even though you were not necessarily in a position to fulfil your obligations the public of Barbados should have been informed on a consistent and continuous basis on what those obligations might have been, given the performance impact of the economy and the employment structure in the society. I can well understand and perhaps I might even forgive the Honourable Member for St. John for not carrying them out, given the fact that there was a 'minimalist government' and they were preoccupied more with the internal affairs of the Democratic Labour Party at the time.

Mr. D. J. H. THOMPSON: What I will say to that intervention is that this Government came in 1994, found the World Trade Organization (WTO) obligations before it and has taken six years, going into seven, to respond in terms of the reforms that are necessary in Barbados to take advantage of the new liberalized economic environment.

4:25 p.m

Monday, March 12, 2001

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

That negligence cannot be laid at the feet of the Democratic Labour Party. The fact that it took six years to get new fair trade legislation, cannot be laid at the feet of the Democratic Labour Party or it cannot be laid at the Minister either because he was Minister of International Transport prior to that. The consumers' legislation that has never been passed cannot be laid at our feet. The new legislation to protect workers from the impact of trade liberalisation and globalization and the fact that that has not been implemented cannot be laid at the feet of the Democratic Labour Party.

Applying industrial solutions to industrial problems, sounds good, but as I say, talk is cheap. When did the Prime Minister stumble on this? I heard this three years ago that you apply agricultural solutions to agricultural problems. But he said what we were doing was applying the wrong solutions to problems so he discovered it three years ago and has talked about it consistently since then with no action, no major institutional reforms, no other reforms taking place in the society to make Barbados better prepared for the new trading environment.

In any event, the Barbados Government having come and found it did not reject it, they embraced it. The new Barbados Labour Party Government embraced it but in the past year, now that the chickens are coming home to roost, all of a sudden you are hearing that the Democratic Labour Party signed on to WTO and dealt us a rough hand. Now, this is a Government that threw the International Monetary Fund (IMF) out. Apparently, they had the power to do that. It is part of our sovereignty and it was able to get the World Bank to reverse on issues but had a problem in putting its case, apparently before the WTO. So all of a sudden the concept is that the Democratic Labour Party has forced the Government. Six years, going on to seven years after, the Government is blaming its predecessor for its six years of ill nurture in relation to this particular matter.

Now the OECD's issue is an issue that stands by itself as an important issue but it was not the OECD's position that caused CDS to close, or is it the OECD's position that caused PRT to close, or was it the OECD that created a situation in Barbados where the Government increased the Budget for International Business and Financial Services, established a new ministry with a minister devoted to that. If you take out the IDC, the Honourable Member for Christ Church East does not have a lot of work to do, or the Honourable Member for St. Michael North, if you take out the Fair Trade Commission.

Aside.

Mr. D.J.H. THOMPSON: If you take out National Conservation Commission (NCC) out of your Ministry, you have an 800 a.m. to 1000 a.m. job.

Asides.

Mr. D.J.H. THOMPSON: If you take out the NCC out of Energy and the Environment that is an 800 a.m. to 1000 a.m. job with a \$10 million job budget. You can go in, make three phone calls and go

to the beach. You are bright enough to do that.

Sir, you have the Honourable Member for Christ Church East with a ministry in charge of international business, the Prime Minister attacked the Democratic Labour Party in 1994 and said all we were giving that sector was \$406 000. He doubled it, tripled it, created a minister and yet there has not been any significant difference in terms of the average number of registrations of IFS, IDCs, offshore banks. Well, we did not have (SRLs) in those days or the International Trust.

So if you want to talk about Public Sector Reforms, some economist will have to explain to me how you control all of those resources at international business and after throwing all of those at it, Estimates after Estimates, you are making this big investment in International Business and Financial Services and yet your returns are no where commensurate with the percentage increase in your budget. That is a serious matter and let us reflect on it.

In 1993, when I went in the Ministry of Finance, we had an International Business Sector that was fragmented. The Ministry of Trade dealt with IFS. The Ministry of Finance dealt with IDC. The Central Bank dealt with offshore banks. We brought the entire sector under one umbrella, formed a unit, told the private sector what we will concentrate on is product development but we want you to continue to put resources into the promotion of Barbados and that is how the entire offshore sector came together.

It was not as a result of anything the Barbados Labour Party did. All the Barbados Labour Party did was to replace a permanent secretary who was working, with a minister. In other words you put a minister to do the work the Permanent Secretary was doing before that and doing very efficiently, and, increased the Permanent Secretary's budget but the returns have been less than the investment that you put into the International Business and Financial Services sector.

That is nothing to do with the OECD. They do not determine what resources Barbados puts into the promotion of its sector. They will have an impact on the product that you can market because if they say that this particular product offends tax rules and so on, it limits the scope. Most of the things that have happened in the International Business and Financial Services sector in Barbados recently, have been not the result of the OECD's initiatives but the result of us failing to grasp new opportunities and to get returns from the investments which we are putting in the International Business and Financial Services sector.

The Honourable Member for St. Peter should have recognised that years ago but when you start wrong, you will end wrong. I remember in 1994, when the Honourable Deputy Prime Minister was first made Minister of International Business, she came in here one evening, Mr. Deputy Speaker, in a fit of panic. She had been on an American Airlines flight and in reading the American Airlines Magazine, she saw that a gentleman by the name of Jerome Schneider, who comments on tax havens, not low tax jurisdictions, commented unfavourably that Barbados is too regulated. This was a compliment in my view, in the context of what is happening now but because neither the Honourable Member for the City, the Honourable Member for St. Peter, nor the Honourable Members on that side were willing to accept our criticism - and I say our, including the Honourable Member for St. Michael South East because he was this side at that time and he agreed with the criticism and the Honourable Member for St. Lucy. It is irrelevant what Jerome Schneider said because he is an expert on tax

havens. Barbados is not a tax haven.

Asides.

Mr. D.J.H. THOMPSON: Yes, your Deputy Chairman was over here too and I have to include him in the our.

But Barbados is not a tax haven. Barbados is a low tax jurisdiction so we started wrong. She then wrote a letter to Mr. Schneider asking him to withdraw what he said about Barbados because she felt that it was having negative effects on Barbados. When in fact what he said about Barbados, to my mind, (a) was irrelevant because we are not a tax haven but (b) in the context of people who want to do good, clean business, what he was saying about Barbados was true, that the procedures for setting up an offshore bank in Barbados are long and tedious. They should be, Sir, because we do not want dirty Russian money in our country or dirty Columbian money. Therefore, my own view was that that was precisely what we wanted.

Sir, when I criticise the Deputy Prime Minister, she went through the roof of Parliament, Mr. Deputy Speaker, and said that we had brought all kinds of destruction on the country and we should be the last people to speak.

4:35 p.m.

Monday, March 12, 2001

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

Now, we are here in the year 2001 and the Organisation for Economic Cooperation and Development (OECD) issue comes up. Barbados, very regrettably in some people's eyes ends up getting lumped

together with jurisdictions that we should not be lumped together with because we were not putting the position consistently out there that we are not a tax haven, that there are things that we are going to do in Barbados that will make the procedures longer and that we want clean business.

At the end of the day, there are a lot of accountants out there who would like us to remove all of those restrictions and make it as easy as possible for them. I do not support that. I believe there are ways to develop your product and to regulate it so as to ensure that you remain a clean jurisdiction. I say all of that just to say that it is unfortunate that the Honourable Member for St. Peter, therefore, would find in the year 2001 that he is arguing a case which actually the Government of Barbados should have been arguing consistently since 1994 and not watering down its position in any way.

The Democratic Labour Party does not have a different position to that of the Government of Barbados on the issue of the OECD but the Prime Minister of Barbados is not doing us a favour. If the OECD has him tired, that is good. He asked to be Prime Minister, he is to work for his country.

There is a tradition in Barbados that Prime Ministers of this country are exemplars of the national ethos which is to fight for our sovereignty, our self determination and our uniqueness so he is not doing anything extraordinary. In 1991, the Right Honourable Erskine Sandiford was doing the same thing when he went to the International Monetary Fund fighting to ensure the integrity of the Barbados dollar. He did not get support from the Opposition which is a very important point because the way we practice our politics is a lot different. So while he was out there fighting, the Opposition was at home doing everything to undermine his Party and to separate the public service from him by marching and opposing everything that came before the Parliament of Barbados.

The Honourable Member for St. Peter is now trying to suggest that the programme did well and that he never really oppose this, that and the other, but I am saying for the record that everything that was done, privatization, sugar sector reform and the incomes policy, was opposed by the then Barbados Labour Party. That weakened the stature which our Prime Minister had in arguing for a programme for Barbados at a time when the country needed maturity and seriousness in saving the country from economic crisis. But we are not going to practise those politics in the year 2001.

When the Honourable Member for St. Peter leaves Barbados he leaves on the understanding that he is representing all Barbadians. On that basis, what I would ask him to do on every flight that he takes is to take up the mirror image speech by the late Right Excellent Errol Walton Barrow because that speech capsulate the national ethos on which the Barbadian foreign policy is built. We have to have a mirror image of ourselves and it is that mirror image that we need to project to the rest of the world.

Mr. Deputy Speaker, the Honourable Member for Christ Church East cannot blame the OECD for the drop in employment in the international business sector. This Government announced that the international business sector was capable of providing 2 000 new jobs every year for a five-year period. Instead of that, the sector has declined from just over 3 000 jobs to 1 500 jobs in the past six years. That is where the sector is today. The Honourable Member for Christ Church East will have to account for that because he had responsibility for that portfolio throughout the entire period. As I have said, he cannot blame the OECD for that so I want to know what accounts for that.

Likewise in the tourism sector, there had been no net new jobs created in the tourism sector. I cannot

blame the Honourable Member for St Michael South for that. I can blame him for many other things and we will get to that in due course but we cannot blame him for that. The tourism sector has not created jobs in Barbados. The construction of tourist accommodation may have created jobs that may be temporary but I am talking about activities within the tourism sector per se.

The Honourable Member for Christ Church East would know that there was a consultation recently in which, when a senior official of his Ministry had finished speaking, the persons who left the consultation, who were practitioners in the international business and financial services sector, I am told, came to the conclusion that the only thing they should be doing, having heard that person speaking, would be to forget the international business and financial services sector and open a dairy farm or go into some other kind of economic activity because there was absolutely no hope given that there will be any improvement in the fortunes of the international business and financial services sector.

In relation to the sugar industry, Mr. Deputy Speaker, we may not have a discussion in here about production levels or price reduction on the world market for sugar. The Honourable Member for South Philip South owes us some discussion on that. That is why a discussion on sugar is most important. A discussion about the sugar industry in Barbados is critical for the simple reason that part of the problem, which the Honourable Member for Peter has described but provided no solutions to, comes from the fact that owners of large tracks of land, including sugar plantations whether indebted or not, know at the end of the day that if that land were put to other economic uses that they would receive a much higher rate of return on that land. As long as they believe that the potential exists for that land to be put to other uses whether it be in golf courses, villas, housing developments or whatever then they are not going to want to plant sugar.

The Government, therefore, has to have a clear consistent policy in relation to agriculture if the sugar industry is to have a future. Do you know, Sir, why the sugar industry does not have a future under the Barbados Labour Party? The Chairman of the Barbados Agricultural Credit Trust Limited (BACT) recently wrote a letter to the newspaper in which he basically said that the sugar industry should be closed down. He said that as an individual. He did not say it as Chairman of the Barbados Agricultural Credit Trust Limited so I thought it was just his view as a former agriculturalist.

I looked at the Report of the Chairman of the Barbados Agricultural Credit Trust Limited which was laid in this Parliament last week. It is entitled Chairman's Report for the year ended 30 June 2000 of the Barbados Agricultural Credit Trust Limited. The Barbados Agricultural Credit Trust Limited is the entity that basically took over the debts of the sugar industry and because it stands in the place of the Barbados National Bank it can exercise the powers that the Barbados National Bank would have had under the mortgages, including the role of approving the sale of any land or approving many other uses of the land because the mortgage would prohibit the owners, while the mortgage still exists, from selling the land unless the Barbados Agricultural Credit Trust Limited agrees to it.

4:45 p.m.

Monday, March 12, 2001

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

Would you believe that the Chairman of the BACT said in this Report:

“Debt recoveries for the year totalled \$10 316 000 reflecting an increase of \$1 961 000 (23.5 per cent) over the \$8 355 000 collected in 1999.”

Let us not dwell on the figures. Let us dwell on what he said next:

“I am satisfied that total recoveries can be doubled in 2001 provided the necessary Town Planning Department’s sub-division approvals are obtained by some of our more heavily indebted plantations”

This is the chairman of the company that has control over the heavily indebted sugar estates. Anybody picking up this document would come to the conclusion that it is the policy of the BACT, which is wholly owned by Government, to require or hope for subdivision approval in respect of the heavily indebted plantations in Barbados. So why should those guys produce sugar if it is likely that they will get support from the BACT to put the land into other uses, residential subdivisions, golf courses and so on?

This is a recipe for closing down the sugar industry and this Government has taken not a single step in the past six years to ensure the survival of the sugar industry even into the medium term. In fact, everything it has done has been inconsistent with the future of the sugar sector in Barbados. Of course, the land speculators are out there waiting and hoping to reap a windfall.

The taxpayers of Barbados had to take out their debt from the arrangement, make the BNB solvent, bear all the burdens of the indebtedness and because of a situation where land values in Barbados have skyrocketed, they now see a windfall. The taxpayers will get back the value of the debt in most cases but they will reap the windfall from the increase in the value of land in Barbados and the sale of that land. That must mean that anybody who has an indebted plantation will sit down and fold their arms and wait until the land is available for subdivision. They can clear the debt interest and probably come out with four or five times the value of the debt as their windfall at the end of the day.

Unless the Honourable Member for St. Philip South can tell the country today about the future of the sugar sector, you will have more land speculation, the sugar industry will collapse, those areas of Barbados that are presently under sugar will go out of sugar production and be ‘run over’ by bush. That has environmental implications for our country, vermin, health problems.

Take an area like St. John which is largely zone one and all of those sugar plantations become overrun by bush, can you realise the kind of environmental problems we would have? I believe the Honourable Member for St. Philip South needs to see this issue in its wider implications. It is going to continue to have an impact on land values in Barbados and the Government has a responsibility where it can to intervene in the market.

One thousand acres of house spots is a mere drop in the bucket. It will have no impact whatsoever on

the value of land in Barbados. Government needs to state its land use policy and have a much more aggressive programme not just necessarily for housing. You may want to identify the land acquisition for other purposes as well. That needs to be done. It is vital, because without it, it will mean that you will continue to have a scenario, as I say, where it is more profitable to sit down and watch your plantation run to ruin and wait until the Town Planner gives you approval for it to be converted into other purposes.

Any other purpose, including bush, in the year 2001 is more profitable than planting sugar. When you plant sugar you have to look for cash flow, you have to put in chemicals and fertilisers. Guys can sit on that land, and because of the vast increase in land values in Barbados, you will find that they will do it with no qualms whatsoever.

It is our view, Mr. Deputy Speaker, that the absence of a strong agricultural policy needs to be examined carefully because this is an area of Government's negligence that appears to be carefully designed to move larger areas of land into non-agricultural use. If that is the policy, Government should say that is the policy and have it fully examined rather than implemented by stealth. The Honourable Member for St. Peter is correct to say that the Democratic Labour Party sent in objections to the procedure in which the physical development plan amendment was made and we would take whatever action is necessary to ensure that our views relative to the procedure are heard.

It must be a source of concern that the Government appointed as its sole Commissioner to hear objections to the physical development plan, the Ombudsman. The Ombudsman produces a report during the time that he is sole Commissioner in which he talks about beach land in Barbados. The Government criticised the Ombudsman and his Report. A Government Senator said he was outrageous and exceeding his authority. At the end of the day, the Ombudsman may have to adjudicate on matters that come before him as Ombudsman in relation to physical development issues. It was an untidy decision made by the Minister responsible for Town Planning to put the Ombudsman as the sole commissioner and it was not one that I could have supported. We objected to some aspects of it, and I think this is the first time that I am publicly outlining why there are objections.

On the basis of natural justice, there must be some concerns that people would have about the nature of the Commissioner's Report because of the position that he holds and because of events that took place during the time that he was the Commissioner. That is a natural justice issue. As I said, when applications are made to him to investigate abuses of power by public officers in relation to land use issues, what position is he going to take? We have to be very careful about these kinds of matters.

Mr. Deputy Speaker, the failure of the foreign exchange earning sectors to carry the Barbados economy has led the Honourable Member for St. Peter to embark on a growth strategy which is dominated by the construction sector with an employment strategy dominated by the public sector. He admitted today that, basically, his perspective on Barbados' development is that we need desperately to attract foreign investment through the purchase of land. He said, basically, in his view, it is going to be very important for Barbados to make available its physical resources for investment by foreigners. That physical resource he is referring to is land.

Now, Barbados is going to become as a result of this policy not less dependent, in fact, this Government is taking Barbados into a state of greater dependency on foreign borrowing because this

Government has the record in the history of Barbados for borrowing more in one year than any other Government. This Government was able to borrow \$350 million in the midst of an economic boom on international capital markets and the Honourable Member for St. James North said it is a tribute to the Government's credit worthiness, and I will get to that a little later on.

4:55 p.m.

Monday, March 12, 2001

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

This would be the highest level of foreign borrowing in the shortest period and in addition to that you will find that Barbados is going to become more and more alienated from one of its major resources, its land. According to the Honourable Member for St. Peter the only option that he sees available, the introduction of alien landholding legislation, is not an option at all. There are many other options other than alien landholding legislation which could be introduced in Barbados including Government intervention in the market where the resources are available to ensure a different land use pattern.

In any event, alien landholding legislation in Barbados does not have to be applicable to Caribbean nationals. You can have differential treatment because there are other Governments in the Caribbean that since the passage of Protocol II have passed new alien land holding amendments which impose differential treatment but, as usual Barbados has adopted the position that it is not going to breach any of the CARICOM obligations.

The Honourable Member for St. Peter, if he checks the studies carried out by CARICOM consultants under Protocol II, will know that there are Caribbean countries that have introduced new legislation imposing additional restrictions on Caribbean nationals in a variety of areas which, as against Protocol II, would be unlawful. In Barbados we are saying no to alien landholding legislation.

The Prime Minister of Barbados recognises that apart from foreign borrowing, a large chunk of the money that he is speaking about in relation to the boosting of the foreign reserves in this country has come from foreign direct investment from land sales, sales of villas, sales of other properties and people bringing in capital to undertake tourism investment in Barbados. Despite the fact that we have had investment in that area, the problem with the Barbadian economy is that this is the only area in which we have been enjoying foreign investment. This Government cannot point to any new areas other than land speculation and the development of some types of tourism accommodation. This country has not been able to attract high levels of foreign investment. You have an over-dependence on persons who come to Barbados to buy land but they are not involved in any other kinds of long term investment in

Barbados. Their focus is in buying land and building villas and the mobilization of other forms of foreign investment is simply not taking place. There is also a cost of living illusion in Barbados which the Honourable Member for St. Peter refuses to address by his economic policy. Everybody knows that there have been considerable increases since the introduction of the Value Added Tax in prices in Barbados. Therefore, as long as we continue to follow the methodology used by the relevant Government department which measure increases in cost of living we will never recognise the burden that has been put on the people of this country.

The official price index does not capture the impact of the value added tax on the cost of services. There are services which were new area of activity on which the value added tax applied. As a result, the price index grossly underestimates the increase in the cost of living to the average Barbadians household in the past three years.

For example, this is work that has been done by the Senator who the Honourable Member for St. Peter spends his time seeking to tear to pieces. It says that beyond the obvious increases in the cost of services, the price index has not adequately captured the increase in the cost of housing because they measure the wages in that sector on the basis of what Government workers are earning. They, therefore, have not been able to capture the impact of significant increases in the labour costs in the construction sector outside of Government. This has been grossly misleading because workers' wages and salaries in the public sector have been locked down by the wage restraint which has been practised by the Government and the Prices and Income Protocol which has been practised since 1994. On the other hand, the concentrated boom in the construction sector was accompanied by a significant rise in the wages and salaries of construction workers in the private sector. Therefore, the use of Government workers in the price index underestimates the true increase in the cost of housing to Barbadians.

This brings us to the question of the housing dilemma in Barbados and the fact that despite what the Honourable Member for St. Peter said you would believe that he has done everything in his power to ease the burdens on Barbadians in relation to the question of land and housing. It was the Honourable Member for St. Peter who removed the property transfer tax on foreign purchasers and doubled the transfer tax on Barbadian vendors. The transfer tax now on Barbadian vendors is 10 percent so the only people who have benefitted from his policies in relation to land have been non-Barbadians.

Mr. Deputy Speaker, since I came into this Chamber there has been a project at St. John but up to now those people do not have title deeds to the land they are occupying. The Honourable Member for St. George North can tell you that National Housing Corporation had problems with surveys and with calculating the cost of the lot and seven years after they were first identified for the allocation of lots, the National Housing Corporation has not been able to provide them with conveyances. Their loans have not come through and I suspect that some of them may be paying commitment fees if they have gone to private commercial banks and every week the banks are writing and asking where are the deeds and National Housing Corporation is still saying that they have to have new survey plans done.

Mr. Deputy Speaker, a man can come off a plane at Grantley Adams International Airport, drive from the airport to St. James...

Asides.

Mr. D.J.H. THOMPSON: You may want to say Westmoreland because that may suit you and I will allow you to put that in. He can identify a lot at Westmoreland and not only would he have a conveyance but the villa would have been completed by now, he would be living in it and would have made four trips to Barbados once a year since 1994 but a Barbadian buying a house for \$65 000 on 3 500 square feet of land, a two-bedroom chattel house, cannot complete that transactions and the Honourable Member for St. Peter is giving the impression that Government is doing everything in its power to deliver houses and lands to the citizens of Barbados, particularly those at the lower levels of the society. The Honourable Member is excusing the National Housing Corporation which is in the process of building high rise buildings, which it is able to complete, so as to reduce Government rental payments. I have never heard of such a convoluted set of nonsense in my life. The National Housing Corporation is building an office block to reduce Government's rent when the principal objective of the National Housing Corporation is to deliver lots and low income houses to Barbadians.

Mr. Deputy Speaker, everywhere you go in Barbados, you meet somebody who is saying that they want to get a unit or a lot. Wherever I go, I hear this. These people are average ordinary Barbadians and they must feel some resentment. They have to feel more than resentment, they have to feel that it is despicable.

Mr. Deputy Speaker, those persons who come to Barbados off the airplane have no long-term interest in Barbados. Barbados serves a certain purpose to them but the average ordinary Barbadians have children who are going to live in this country, are contributing to our standard of living and yet the Government can excuse and manipulate the National Housing Corporation so that it does not deliver on its mandate to them. The taxpayers have to pay for all of that, they will end up paying for the building and they will have to pay all subsidies given to the National Housing Corporation at the end of the day if the National Housing Corporation does not deliver. Instead of the Prime Minister dealing with that problem he jaunted off to Port St. Charles, Sugar Hill and elsewhere, said that Barbadians want to go to heaven without dying and said that we have a schizophrenic paranoid approach to the question of land...

Asides.

Mr. D.J.H. THOMPSON: Well, it was not him who said that. It was the Honourable Member for the City who said that we have a schizophrenic paranoid approach to the question of land but the Honourable Member for St. Peter said that some people want Barbados to stand still in a moment of time.

5:05 p.m.

Monday, March 12, 2001

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

Nobody wants that, what we are calling for Mr. Deputy Speaker, is balanced development in Barbados, that average citizens should have opportunities in this country according to their means which are commensurate with or even better than persons who visit Barbados but that is not happening.

As for the idea that Barbadians do not want to live on the beach - it is true that the salt air, I lived in

Bath for a short while and I know that the salt air mashes up everything like you toaster, sound equipment and everything.

I do not think that it is true that Barbadians do not want to live on the beach. I think that there is a sense in which people have been pushed off the beach in this country.

When I was a youngster, Fitt's Village was a tenantry on the beach, next to the old Jordan's Supermarket, not the big one on the other side of the road. Jordan had three different locations. It was a one-door shop on the beach side; then they changed that into a little mini- mart and when they were building that he went over on the other side of the road behind the bus stop. Later on he built higher up - the lovely facility that exists now.

Next to Jordan, between what is now the fish market and the old Jordan's Supermarket, was a tenantry. I did homework in a house on the beach there where a friend of mine from first form lived. There were about six or seven houses. People were raising chickens with galvanised paling right on the beach. There is very little of that now in Barbados. All of those houses were removed to accommodate the desires of a Syrian who built a beach house and all of the people were resited elsewhere.

There was a time when the sugar land in Barbados was the most valuable. The Prime Minister needs to take cognisance of the fact that when they were most valuable, Bajans were pushed onto the beach. That has now changed and what we are now being told is that we do not really want to live on the beach just like we were told that we did not want to live on the valuable land before. Now we are being told by our Prime Minister who should be defending the interest of Barbadians that we as Barbadians do not want to live on the beach. We are now being pushed to the centre and other people are given access to the prime resources in Barbados. Even if I did not want to live on the beach, there is no reason why I as a Barbadian should not want to own a property on the beach in this country.

Living on the beach is not the issue. Being active participants in this economy and owning something is the issue, but you will never get that with a Government that is pushing us further and further into economic dependence by selling land to foreigners and by borrowing significant sums of money on the international capital market.

An even greater absurdity, Mr. Deputy Speaker, occurred late last year when the Honourable Member for St. Thomas interviewed by a reporter for the Times Newspaper in England. I felt sick to my stomach buying a Times Newspaper and reading what a leading Barbadian politician had to say about our country.

Asides

Mr. D.J.H. THOMPSON: I cannot quote from it so I read from my memory.

The writer said that the economic sunshine has encouraged a surge in private investment. That was his lead into this statement by the Honourable Attorney General of Barbados. The Attorney General goes on to say. There is so much money in the economy that more and more people are buying pieces of land, building houses and buying cars.

Now if the Honourable Attorney General had said that there is so much money in our economy that Barbadians are becoming owners of businesses, investing their money in enterprise and so on, I can understand that as a boast. This kind of boast in relation to what we need to do in Barbados and in the context in the way in which it was made tells you of the very limited horizons which this Government has set for the people of this country.

I was certainly embarrassed when I read it. I held it for this Estimates debate because I need, hopefully, during the course of the debate to hear from Honourable Attorney General on his views in relation to the statement that he made.

The Honourable Member for St. Peter said that he wanted to see two cars next to every house in Barbados when they asked him what his vision was for Barbados. Well we have reached three cars now and the roads cannot hold the cars. What are the people going to do? Are they going to eat the cars? Are they going to be able to give their children something off the car? Does it make them greater participants in the economy when they have the car? Even if you give a guy 3 500 square feet of land in Apes Hill, St. James, by the time he puts on another bedroom he cannot even put a dog house in the yard because there is not sufficient room. He cannot plant a pea tree for Christmas; he cannot raise a pig and he cannot stretch out his own hands in his living room without touching the two walls. That is what Barbados is coming to.

In countries that have suffered greater economic deprivation in which those kinds of circumstances do not exist, those are our principle concerns about Barbados in the year 2001.

I now want to deal with the question of the Estimate debate itself because despite the economic climate and the assurances given by the Honourable Member for St. Peter, there is still great uncertainty in Barbados in the year 2001. That uncertainty is not fueled only by the objective economic conditions, but the uncertainty is fueled by the fact, as I said already, that the Honourable Member for St. Peter gets up in here every year, makes pledges to the people of this country, including during the last Budget debate, when you call him to account either during the Estimates debate or the next Budget debate, you would see that very few of those pledges have been realised.

The Honourable Member for St. Peter had a Budget on Tuesday, October 24, 2000. I cannot quote from the Hansard because it is during this session so I am going to quote from the actual Budget document which was given to me and I assumed that this is what was reproduced in the Hansard itself. During the course of that debate, the first thing that the Prime Minister said is that the Estimates is the Budget and that in future he will be bringing the Budget debate and the Estimate together as one debate so that Barbadians can better understand how their money is being allocated and how the Government proposes to close the fiscal deficit.

5:15 p.m.

Monday, March 12, 2001

Continuation of Mr. D. J. H. THOMPSON: We have not had the benefit of that this year. What we have this year is the usual Estimates debate and therefore we do not have any better idea other than the few snippets of information which the Honourable Member for St. Peter gave us of the kinds of strategies that he is going to employ during the coming Fiscal Year to deal with economic problems that Barbados faces. But in the Budget Debate itself, or the Economic Statement debate, if you want to call it that, Mr. Deputy Speaker, the Honourable Member for St. Peter promised a number of things. He promised that he was going to privatize Barbados National Bank (BNB) and the Insurance Corporation of Barbados (ICB). This is the most important initiative that the Government was going to undertake in the year 2000-2001. And the Honourable Member for St. Peter outlined to the House that he was going to sell 96 million shares in the BNB and then 9 million shares in the ICB. That was the centerpiece of the last Budget debate.

The Honourable Member for St. Lucy warned the Government, the same gentleman in the Senate who the Honourable Member for St. Peter has attacked today, and attacks at every Estimate, that the way in which they were going about the privatization of the ICB and the BNB was wrong. This is the centerpiece of the Budget. At the end of the day the Government has barely been able to sell one-third of the shares that it put on the market and you have to consider that against the background of all the Prime Minister said about these premier financial institutions, you have to consider against a background of what the Government indicated was the state of the Barbados economy, at the time when these shares were being put on the market. And would you believe that the Estimate debates have come around in March 2001 and the Honourable Member for St. Peter does not have a single word to say about the centerpiece of his Economic Policy Statement made in this House in October, 2000, not a word. He has not said that he is disappointed, he has not assured the people of Barbados that the balance of shares will be made available to them over a phrased period, not a single word. The sale of the BNB and ICB shares was a disaster, a complete disaster and the Government hinged along on its ability to sell those shares, was held as economic democracy and the people of Barbados would be only waiting to lap up the shares and the first Public Relation statement that came out said the shares were doing very well and then they waited and waited and then we heard that the sale of the shares was significantly under subscribed. Now, that must tell you about the perspective of the average Barbadian on the state of the Barbadian economy: the credit unions, the workers, all of these people who were targeted, not even when Barbados was in a stabilization programme with the International Monetary

Fund was the privatization of any Government assets as poor as the privatization of the BNB and ICB. I could not conceive and could not believe myself that the Government was unable to execute the centerpiece of its economic policy in the last budget. It speaks to economic democracy, it speaks to confidence of Barbadians, it speaks to new economic arrangement in our society - not a word in this Estimate debate because this Estimate debate has to highlight the tokenism - you throw a little money here, you refurbish a building there - and those are supposed to be the examples of great social engineering in Barbados. And the thing that was more significant in terms of social engineering in the past six years which is the sale of the BNB and the ICB shares completely flopped and the Government has nothing to say in relation to privatization policy. That worries me significantly because it means that the Honourable Member of St. Peter views these matters in a cavalier way - I will throw out the BNB and ICB issue but if it flops I will move onto the next issue. Another flop - more bread and circuses for the people. But there is not coherence, no systematic monitoring, this Budget promised an agricultural development trust, the Government rushes a piece of legislation to Parliament a week ago, obviously anticipating this debate.

The legislation is so simple that when I read through it I could not believe that this country had to wait three years for a piece of legislation that all it does is permit the operators of the Enterprise Growth Fund to disburse funds in respect of farmers for farming activities in Barbados. A simple piece of legislation which would enhance the agricultural sector which was critical to agricultural development in Barbados took more than three years to get before Parliament, it is now before Parliament and there is no guarantee that it will be passed based on the fact that this Government brings legislations and then often has to withdraw them.

When you look at the bond rate, I have already talked about what the Tourism Association said about the failure of the Government to honour its commitment to remove the bond rate. When you look at the labour legislation that has not yet come before Parliament, even though it was a major pledge made by the Government of Barbados. When you look at the question of the lotteries, we were supposed to have a decision in relation to the lottery. In fact, the lotteries in Barbados would have benefitted from a reduction in the level of their taxation. The Prime Minister said that he cannot reduce our taxation as citizens, he is awaiting on Caricom and other external arrangements to know if he can reduce local taxation. If I had said that when we were in the International Monetary Programme (IMF) we would have been pillory. If I had said that we had to wait on discussion with the IMF you would have heard that we surrendered our sovereignty. Today, the Prime Minister said 'I am waiting on external matters, Caricom convergence and all kinds of other things, to determine what is the appropriate level of taxation on Barbadians', even though he acknowledges that 40 per cent is too high a rate of tax.

Mr. Deputy Speaker, the Prime Minister said:

"I therefore, propose to reduce the level of tax on lotteries and race day wagering from 11.5 per cent to 5 per cent and to 3 per cent on the daily games on the understanding that the difference between the existing rates and the new rates will be used by the sporting organizations to develop sports..."

I want to find out whether the \$10,000,000 has been or is likely to be going to be likely to be made available for sporting organizations in Barbados, because the Government was trading on the euphoria over Obadele Thompson - well not ever Member of Government, only those who felt he was a grateful kind of person, not those who felt he was ungrateful, those persons who thought Obadele Thompson

was a grateful and gracious person and they traded on his popularity, it sounded good to come to Parliament and to say that Obadele Thompson has raised the bar on national achievement - not the other Thompson. The real Mr. Thompson raised the bar on national achievement and he was going to give \$10,000,000 to sporting organizations and now, you are hearing a different story in relation to the lotteries in Barbados.

Perhaps the advise for the Honourable Member for St Michael South in relation to the real Mr. Thompson is taking its effect in the Government.

We were told about a Green Paper on Crime which would detail ten course strategies and the Prime Minister urged the public to participate fully in the discussion after it was laid in this House. That was 24 October, we are now in March 2001 and this was supposed to be a priority because they made it into the Economic Policy Statement. That is not all. If you look...

Aside.

Mr. D. J. H. THOMPSON: I want everybody to see it. I want the Backbenchers to see it too because I have to fight for them too. They get ignored and as one of them said the other day they are like outside children and I do not believe in that philosophy, so do not bring it to me. Bring it and let me make sure that everybody gets.

5:25 p.m.

Monday, March 12, 2001

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

The Government allocated an additional \$5 million in the Budget to assist businesses to become export ready. Now, I heard carefully what the Prime Minister said today about targeting and unless I had misinterpreted him, no business has as yet benefitted from this arrangement. He is talking about putting the arrangement in place. He does not have to argue with the Opposition about targeting, we have always taken the view in here that one of the best ways, particularly where you had a trade regime

that was not fully liberalised, to encourage exports by the manufacturing sector was to tie them into an arrangement where the Government would provide them with resources. Those resources could be either direct, loans, grants, or other kind of assistance, or if you had a licencing regime still in place, you could give them licences to import commodities, so that they use that cash flow to support their objectives in relation to export development and that they will meet certain employment criteria.

We are not arguing about it, we support it. So why are these initiatives taking so long to see the light of day? That has been the question which we have consistently asked. That is why we said that the Government has spent six years twiddling its fingers in relation to the things that need to be done to prepare Barbados effectively for globalization and the arrangements under WTO.

We were supposed to hear about a new Public Sector Pension Plan, Mr. Deputy Speaker, nothing has happened in relation to that. During the course of the year, we heard 'a big set' of talk about a regrading exercise in the Public Sector and that regrading exercise was supposed to start right away when there was an imbroglio with the police. The Prime Minister said he was fast tracking the regrading exercise and the police had to wait. Now it seems as though the regrading exercise has fallen off the agenda because I certainly did not hear anything about it.

Asides.

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, there was also the question of Telecommunications. The Honourable Member for St. Peter spent a long time talking about the Green Paper on Telecommunications. He then went on to say what the role of the Ministry was and so on and when he finished we asked him what was the trade off. The Honourable Member for St. Lucy asked questions in relation to telecommunications. The citizens of Barbados asked because in his presentation, he did not say anything about the trade offs. Nothing was said about the amalgamation of the companies, the potential loss of jobs or metered rates.

Do you know what the Honourable Member said and nobody can accuse him of not writing his economic policy statement very skillfully and I quote:

"The benefits of this reform will be immediately felt in the general economy but especially information technology and international business and finance and sectors where access to low cost international telecommunication rates is fundamental to their success."

This means that the focus of Government has been on the question of reducing international telecommunications rates and Cable & Wireless has argued that to do that, you basically have to remove the subsidy that international communication rates provide for domestic rates, which means you have to move to a system of metered rates in Barbados. That is at the meat of the Green Paper on Telecommunications but the public of Barbados is now starting to understand what the whole Green Paper on Telecommunications is all about.

It is a Green Paper in which every argument Cable & Wireless ever needed has been adduced to do all the things Cable & Wireless wanted to do and will want to do, post liberalisation. They are able to do it because there is a Minister of Telecommunications who is honestly of the belief - either that or he is fooling people - that after liberalisation that Cable & Wireless will be just another player in the

Barbados Telecommunication Sector - one absurd statement I have ever heard in my lifetime. They have in all the infrastructures. They have to provide the inter connectivity. They have a finger in every pie in relation to telecommunications but after liberalisation, they will be just another player.

They are moving towards liberalisation and they say that are sending home 250 people. The 250 people they are sending home are not being sent home as a result of liberalisation and the need to amalgamate, they are saying that the 250 people they are sending home are being sent home as a result of a reduction in business of which they are already feeling the impact. Look at the impact that that 250 reduction in the workforce at Cable & Wireless could have on the Barbados economy as a whole. And then somebody could tell you they would be another player. They will be more, do not fool yourself, unless the Government decides it is going to end up protecting Barbadians in Barbados and unless it comes clean on the question of its Telecommunications policy. That is what the Budget debate was about. It was to pave the way for the introduction of metered rates in Barbados.

The Honourable Member for St. Peter has never denied that he is in favour of metered rates. He talked about his constituents are reduced as a result...

Aside.

Mr. D.J.H. THOMPSON: They will be like the people who get the computers in St. Peter, while the rest of us have to wait on the Honourable Member for St. Michael South East. The Prime Minister said he is going to use his office to ensure that the people of St. Peter get computers. I suppose you will call it a method of power.

Asides.

Mr. D.J.H. THOMPSON: You mean his power of the office of Prime Minister or power within the Barbados Labour Party. You have to wait. You do not have that power. You cannot even get computers for the Police. In fact you can get them but then you cannot get them to work because the software of one, does not speak to the software on the other.

So maybe the people in St. Peter will get reduced telecommunication rates but based on the figures that we have seen, it means everybody else in Barbados will pay higher telecommunications rates as a result of an introduction of the policies, in respect of the Green Paper on Telecommunications.

Mr. Deputy Speaker, that is part of the concern that we have that when you look at what has been promised down through the years in these various Budget debates and Estimates debates, you do not see anything to match the promises. We hear the Government saying that Barbadians must prepare ourselves for the opportunities that exist out there. What opportunities? What direction should somebody take, who is interested in launching into an enterprise in manufacturing, or in the agricultural sector? Absolutely no focus has been given to these kinds of issues in relation to this Estimates debate.

Mr. Deputy Speaker, what we have at the end of the day is a drift in sugar, in non sugar, in the manufacturing sector, in commerce, in utilities, in the offshore sector and the flock in the privatisation of the BNB and ICB shares. Meanwhile, the Government cannot raise the money it wanted from the sale of shares in BNB and ICB but it has not slowed down the Government's appetite for spending the

money which is in the Public Enterprise Investment Fund from the sale of Heywoods. They are still spending that money and they cannot replenish the Fund because they cannot sell successful Government enterprises to the Barbadian public.

We could sell shares to the workers of Heywoods, shares to the workers in Arawak, shares to the workers in Pine Hill Diary in a time of economic crisis and restructuring. Prior to us leaving office, the staff of Barbados National Oil Company Limited (BNOCL) were putting before the Government, a proposal to buy the Barbados National Oil Company Limited.

In the year 2001 when the economy is suppose to be growing and people are prosperous and as the Honourable Member for St. Thomas said to the Times Newspaper, that there is so much money in the economy, people are buying houses, land and cars. They cannot find a little surplus to buy shares in an enterprise that is owned by the Government of Barbados and is supported by the Government of this country. That must tell you that you have not yet been able to get your message across, assuming it is your message that Barbadians need to be investors in real assets, not just workers but owners.

The Privatisation Programme in that respect has flopped. They have taken up \$35 million which they came and found in the Public Enterprise Investment Fund, the sale of taxpayers' assets and put \$1/2 million in Carib Express which was a flop.

Asides.

Mr. D.J.H. THOMPSON: Even if you say they were giving away, it is a crime that you should take the proceeds of what was giving away and give it away again.

5:35 p.m.

Monday, March 12, 2001

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

If we gave it away, you could have taken that \$35 million and recover it, but you said that we gave it

away, and you took up the same \$35 million and gave it away again.

Asides

Mr. D. J. H. THOMPSON: Committee before what? You had better check the facts on that.

KDI Development Inc. - \$575 000

Carib Express got a loan of \$500 000

The Venture Capital Fund - \$2 million

Refurbishment of the Hilton Hotel - \$2 million Hotels and Resorts Limited - \$10 million, that is the GEMS Project

Southern Golf and Country Club - \$1.5 million

Rural Development Fund got \$1 million and that is the fund through which all of that money was given away before the election.

The Government came in here in a Budget debate and pretended that I was making out a case on the behalf of one man in St. John and said that I should tell the man that he should repay the loan when the man was told that if he go on television and say that the Rural Development Commission was a great institution that he would not have to repay the loan because he was from St. John and it would look good on television. David Thompson, whoever he may be since we cannot call names in here, was not doing anything in St. John and that the Rural Development Commission did it.

Can you imagine that a few months after the elections a debt collector was on his doorstep and he is in my office, not just him but many others, saying that they were told before the election that they did not have to pay back these loans. Apparently, I was to argue with them that they were stupid.

The Prime Minister confirmed that some people believe that because he said that there was a member of his National Executive Council who also came to the National Executive Council telling them that he was told that he did not have to pay back the loan either but yet I was irresponsible for raising it. He was not irresponsible for telling me that I was right that there were people in his party who got loans who said that they did not think that they had to pay it back but I was supposed to tell the man that he must pay back the loan when I know that the Rural Development Commission and the Urban Development Commission have made grants. I do not know the level of the grants but I know that both the Rural Development Commission and the Urban Development Commission have made grants but we will not get into that on this occasion. So I would assume, like the gentleman, that it was a grant and the member of the Barbados Labour Party National Executive Council also assumed that it was a grant and that is the point.

Now, let us move on. The Caribbean Broadcasting Corporation (CBC) got a loan but they cannot even pay the pension fund for their workers. CBC cannot even pay the workers the money they owe the Insurance Corporation of Barbados for the pension fund which the Honourable Member for St.

Thomas confirmed in reply to a question I asked in here but the Government could take up \$250 000 and give it to CBC. Barbados Cricket Association got a loan of \$2.5 million. The Barbados Agency for Micro Enterprise Development - \$1 million; Needhams Point Development, which is the Hilton Hotel again but by a different name, got \$7 million so they have received \$9 million in all. Social Investment Fund - \$6.5 million. Southern Meats - \$180 000 and Caves of Barbados - \$ 200 000 which total \$35 090 350.75 and we all know what is happening in almost every one of them.

In this debate, we hear that the Barbados National Oil Company collected \$33 million. We heard it before. I assumed they pay back some because the figure was higher than that but they did not pay it over to the Government. Can anybody tell me what the Barbados National Oil Company did with the \$33 million? Up to now nobody has said to the people of Barbados what happened to that money. What happened to it? You collected \$33 million in taxes. I assume they did not pay it out in wages and salaries and I assume they did not buy vehicles or houses. So what did the Barbados National Oil Company do with that \$33 million? Now, we are hearing that the Barbados National Oil Company is not going to be able to pay back the money on the time schedule that was agreed to and the Government has to wait a little longer to get back that money from the Barbados National Oil Company. Something is wrong somewhere.

I do not have the Auditor General's Report, maybe it would be in there. I do not have access to the accounts of the Barbados National Oil Company, maybe it would be in there. I did not have the accounts of the National Petroleum Corporation either but I knew about the Gasworks 2000 Project. I hope that in this debate we would get an explanation from the Minister who has remained silent. He is entitled to remain silent because he was not the Minister responsible for starting Gasworks 2000. If I were the Prime Minister and had responsibility for a ministry and when trouble started I shifted it onto somebody else I would have to question how my colleagues would view me.

In reply to what the Honourable Member for St. Peter said about issues of corruption, we believe that in any system we are going to have patronage. We all know that. There is no Westminster City in which you are not going to have it. Governments and Ministers will find ways to deliver patronage because they can do it through the Tenders system if they have the power.

That brings me to the Transport Board Act. I am only asking because I do not know. I have never given, when I was Minister, a statutory corporation any direction on any matter but I am looking at section 12 of the Act which said:

“The Minister may, after consultation with the Board, give to the Board directions of a general character as to the exercise and performance by the Board of their functions in relation to matters which appear to him to affect the public interest, and the Board shall give effect to any such directions”.

The Honourable Member for St. Thomas will have to tell me whether that power that the Minister has there includes the power to vary contracts and to award them.

What would you say? How would you describe it? You cannot say capriciously. I think that would impute a motive. It would not necessarily be an improper motive but it would impute a motive. The Attorney General needs to assist me on this one. I only want to know what section.

Asides

Mr. D. J. H. THOMPSON: Would this mean that a Minister can overturn the decision of a Tenders Committee for the purposes of spreading it around.

Asides

Mr. D. J. H. THOMPSON: I am only asking. I would have to say what section of the Act. You know that we on this side likes to cover the law and then we get to make that promise. If you tell me that this is where the Minister derive his power to tell the Board...

5:45 p.m.

Tuesday, March 12, 2001

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

The Honourable Member for St. Michael North East would not agree with that approach. She set the standards very rigorously and the Honourable Member for the City set even tougher standards. She made the point that if any other Minister on that side had done what we did that the person would have to resign. I urge the Honourable Member for St. Michael North East and West Central, since he is on the Backbench and does not have much to do now, to read that debate and read in particular what the Honourable Member for the City said because I found it extremely enlightening and instructive if you look at page 1452 of that debate. She said:

“In another part of the world and if it was this Party, she would not...”.

She said, “she” so that does not necessarily apply to the Honourable Member. I only say that because “she” does not always include “he” and she includes he in the Interpretation Act. But some people dispute that because women libbers feel that she should be she on her own right and he in his own. But if you agree with the Interpretation Act, the she here would mean he and it said:

“She would not be sitting on this Frontbench now. You hear me, Sir. In another part of the world, she would have to have left and if what they have done over there had been done by her over here she would not be sitting on this Frontbench now. This is a new dispensation. That is why I say, Sir, that this debate is in my view largely about the integrity of the tendering system about the propriety of how one conducts oneself when one is a Minister of Government.”

I am really on the Transport Board path and if the Honourable Member for St. Thomas could point out to me what section of the Act would permit, if it has been done, the reversal of the decision of the Board to award a tender. Just tell me the section of the Act. You could tell me on what basis it could be done too, but the section of the Act would suffice now.

Sir, we were talking about Public Enterprise Investment Fund and the money in there and I assume we will get a chance to discuss those other issues a little later in the debate.

Mr. Deputy Speaker, Sir, we believe on this side that the projected expenditure by Government and its projected revenue, although it does not take into account the arrears which Government anticipates that it will collect in various areas like land tax and so on, have been calculated on the basis that revenues will increase during this fiscal year. It has been the position of the Democratic Labour Party, not for the Prime Minister to engage in every reckless reduction of taxes in Barbados. But we believe that, if you move taxes from 28 cents in the dollar in six years, you must be able at some point to take a look at the incidence of tax in Barbados and seek to deliver some kind of relief to the citizens of this country. We feel that Barbadians are over-taxed and that they need to benefit from some reduction in taxation as soon as possible.

Mr. Deputy Speaker, Sir, let me deal a bit with the content of the Estimates without trespassing on the actual Heads directly or rather on the Schedule and make the point that in relation to Tourism it is vital and critical that Government without delay brings the Hotel Aids legislation and that it also identifies the incentive structure for the tourism sector. I believe that Government also needs to have a very clear and definitive position relative to the Gems Project.

Sir, in regards to the incentives in the tourism sector relating to the Gems Project, I was unaware that the ultimate objective of the Barbados Government, and I am certain that the Honourable Member for St. Thomas will be unaware, that the objective was to take properties from Barbadians, develop them and then sell them to non-Barbadians. I always assumed that the role that Government would perform relative to the Gems Project was to take the hotels, refurbish and redevelop them and then develop a corporate structure which will provide an opportunity for Barbadians to be involved in some kind of investment. I always thought that was the objective. Now all of a sudden we are hearing that the operator of a casino and a lottery has become the man with whom the Government is having discussions in relation to the sale of either shares or some equity participating in the Gems Project.

To my mind that is inconsistent with the original position that was put before this Chamber about the purposes of developing the Gems Project, extricating the indebted hotels and then making them back available to Barbadians to make an investment in them. For all the song and dance that the Honourable Member for St. Peter has made about casino gambling and that sort of thing, I wonder why the Government would be in negotiations at this stage with operators of casinos. I did not say that it was casinos. It was Mr. Cochran who said that he represented an operator of a casino who is buying into the Gems Project. I feel that the country deserves greater explanation on negotiations that are taking place.

Sir, that is not the only area of concern about the tourism sector. I believe that there has been enough information made available to the public of Barbados that would tell you that the Barbados Tourism Authority is in complete disarray. This Authority is now in its third transition in six years. There was a transition in 1994, then the Government changed and the Minister thought that she needed to bring new

legislation and reconfigure all of the positions. She did it and now it is in a third transition in which the entire enterprise is either to be wiped out and replaced by other corporate structure or there will be major reconfiguration of the staff within the BTA.

Sir, let me say for the record that the Chairman of the BTA and its Acting Chief Executive came to see me some months and they talked about the idea of a joint private/public sector entity for tourism, that has been banned about ever since. One of the proposals that we had way back in 1993, from the private sector was that they would top up the salary of the Chief Executive Officer and that they wanted us to put our money into the Tourism Development Corporation. So Government would tax the public and they would spend it, that is basically what they wanted. I have always felt that is not the Barbadian way and I indicated that while I think that we need to get to the stage of greater efficiency in relation to the Tourism Authority, that it is critical and vital that we do not create a situation in Barbados where the Government raises money for taxes and then gives it to the private sector to have “carte blanche” to spend it.

5:55 p.m.

Monday, March 12, 2001

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

I do not think that is fair or a recipe for the future institutional arrangements for the tourism sector. What I think is most distressing is that it seems as though there has been no specific new initiatives nor an overall plan articulated or discussed by the Minister relative to the tourism sector.

Having a restructuring of a state corporation by itself does not speak to reform. That is just a reform of the institution. But what is it that the Government wants in terms of the contribution of the tourism sector and the direction that we should be going in relation to the tourism sector? The Government has

the cart before the horse because, once again, it is tinkering with the Barbados Tourism Authority, and is tinkering with the Authority against a background of no policy being put before the country on the tourism sector as a whole.

It appears that the attention now, instead of being focussed on the development of the tourism sector, is being focussed on the BTA itself and on the Minister's much publicised plan - that is what they called it. I do not know if it is his, and if it is not, he can deny that it is his to create a private sector run but not private sector funded tourism marketing company to take over the most important functions of the Barbados Tourism Authority.

It was planned, as I understand it, to have this in place by April 1st 2001. That was what was identified to me as the potential start date for the project and the Minister would be well advised that the principals in the BTA have been working on that deadline. They may not meet it, but the speed with which they wish to knock off the Barbadian workers like a hoe handle and leave them out there, pay them some severance - your top marketing team people who have given long service to the country. They may have deficiencies. They probably do have deficiencies, but do you not think that the first line that the Minister should take would be to identify some training or retraining for these Barbadians instead of going to the absurd situation which the Honourable Member for the City introduced here in Barbados, where we were walking around, 'raking in' and 'scraping up' people who had never visited Barbados - a tourism marketer who went somewhere and put the map of Barbados upside down and somebody had to point out to her that it was upside down. That kind of nonsense had been going on because of a policy that you must bring in foreigners because there are no Barbadians to do the job.

Imagine, the worst insult to the people of this country is that we bring in a non-Barbadian for the marketing job, he designs a package for a subsidy to be given to a company that he subsequently resigns from the Tourism Authority to go and work for. That brutal insult! I never mentioned it in this House before because it was so sickening that I did not even want to reflect on it. He sat down and designed a subsidy for a company, the company starts to get the subsidy and he resigns from the Tourism Authority and goes and works for the company.

Do you know any section of the Tourism Authority Act that would permit that? I know that you are looking at the Transport Board Act for now, but do you know of any section of the Tourism Authority Act that could sanctify that kind of behaviour by a non-Barbadian? The Honourable Member for the City got up in here and paraded about how she had to bring these high-flyers and pay them money and people were talking about when you pay peanuts you get monkeys. The only people who are being paid peanuts in the tourism sector are the Barbadians, the middle managers and below. The ones at the top got the additional benefits and then we brought on non-Barbadians, people who had no connection with this country, and you could have a Government that is not concerning itself about retraining Barbadians.

The Honourable Member for St. Michael South got an opportunity to come and work in the public sector in this country as a marketing manager in a top state corporation. That is why I am watching him carefully, because if I see anything that is inconsistent, that he tries to kick down the ladder by which he ascended and treat Barbadians in that way, he would find the Democratic Labour Party on his case, because it was the Democratic Labour Party who provided that opportunity for him, and that is just incidental to what I am saying.

Do not kick down the ladder. There are Barbadians there. If they have deficiencies, send them to be trained! Give them the exposure they need! I am not supporting any arrangement where you can just knock people down and trample on them and pay them severance. When you read the Minutes, to think that we could even conceive of reflecting on Barbadians this way... I do not know what political parties they support. That is irrelevant. Most of them would have got promotions under this Government and they may owe some allegiance to the Government for that, but that is no reason to treat them like dirt.

Therefore, we need to know very clearly from the Minister of Tourism what the overall tourism plan is in Barbados because the plan may very well be to reduce the involvement of Barbadians at that level. One never knows. That would not be strange, because the plan in relation to land, as I said, seems very carefully crafted to push Barbadians away from beach land, from high value into the centre of this country so that there may be a plan to reduce the involvement of Barbadians in the top level of tourism.

We have to have confidence in ourselves and our ability to do what is necessary. Yes, there are square pegs in round holes in the public sector but the majority of Barbadians have an understanding of what tourism is about and the majority of those young men and women can be trained and retrained. I believe that we need to have a very clear statement from the Minister of Tourism. We have had as Regional Sales Manager, USA, a non-Barbadian, as Director of Sales and Marketing, UK, a non-Barbadian, Vice President Marketing and Sales, a non-Barbadian, none of whom delivered.

They were heralded in here. The Government was carrying out an executive search for them. I remember the Honourable Member for the City - you know how dramatic she is with these things, as if an executive search is a big modern tool - say that they were carrying out executive searches and she would come back to the House with a short list. I see she ended up with somebody who could not even hold the map up correctly, somebody who never visited Barbados, and these were our marketers.

Let us not get back to that kind of nonsense because it will not receive our support. Tourism is too important to us and, at the end of the day, Barbadians who have the qualifications must feel that they have a role to play in Barbados. Unless the Minister can tell us what it is about, he will be criticised for his woefully ineffective leadership, because we were promised a revised incentive framework for the industry and were told of a Tourism Green Paper which has not materialised. We were told of a new Hotel Aids Act, as I said, and what we can see happening in the tourism sector which the Minister needs to address is the development of foreign owned enclaves.

I am not saying that the development of Westmoreland is a bad thing, but I want to be assured by the Minister that once Sandy Lane is open that those villas that have been made available because of the closure of Sandy Lane will continue to contribute to the overall number of rooms available in Barbados and that we are not permitting people to come to this country, build houses, spend six weeks here and then in all of that time the resources that had been put out are not used to the benefit of Barbadian tourism. I think that Government needs to study very clearly the impact.

6:05 p.m.

Monday, March 12, 2001

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

I hear all of the private sector people talking about villas. Every time you go somewhere they are talking about the much untapped potential of villas. You will also find that in recent times the kind of people who are buying villas are wealthier people who do not necessarily want to make those villas available as part of the tourism plant. As I have said, they may be doing it now because Sandy Lane is closed and Sandy Lane went out there and begged people to make those villas available. I am asking the Minister to confirm that once Sandy Lane opens that many of these are still going to be available.

I know of people who have IBCs here who bought properties in Sandy Lane and come and stay once a year and just maintain the property for rest of the year. Many of them are making those properties available because Sandy Lane, as I have said, actively went out there and encouraged people to make them available. Is the Ministry then going to follow that up with a programme to ensure that those villas and luxury houses contribute to the overall number of rooms that are available to the Government? I think that needs to be studied and the Honourable Member needs to make it quite clear to us what the position is and what marketing tool is in place to assist in marketing those facilities so that the country, as a whole, benefits from them.

Mr. Deputy Speaker, in relation to the energy sector we have been promised an energy Green Paper since 1994 and nothing has materialised. The Honourable Member for St. James North has all the time in the world to get that energy Green Paper to the House. I would go as far as to say that if the Honourable Member for St. James North were doing the job that he is supposed to do that the terminal company that Government established would be an ideal asset for Government to privatise, involving both the marketeers and the citizens of Barbados because even though it is not guaranteed by agreement, at the end of the day, once you are involved in the sale of a product like that, there is a guaranteed profit for you and it would be a very lucrative enterprise. The Honourable Member should be spending his time doing that.

It does not make sense closing down Mobil and setting up a company just to import and sell oil products and it is owned by Government because areas like that Government does not need to be involved in. Government can regulate it but it should be an area in which the highest level of participation by Barbadians is achieved.

I believe that this Government is only talking about privatization when it wants to get money to carry out its capital development programme and so on. At a time like this, the Government should be actively pursuing a creative privatization programme as part of a programme of economic democracy and enfranchisement in Barbados in which you take strong assets and enter into arrangements for credit unions, workers and others to buy them over a period of time. The BNB/ICB fiasco was because it was assumed that people would just buy them like that. You did not have to sit down and negotiate with them to bring them to the table. When we were privatising other assets, we had to bring people to the table, the timing had to be right and the incentives had to be right. All of the issues where Government could make an input had to be right. Privatising CIBC, Royal Bank, Barclays Bank or Caribbean Commercial Bank is a totally different scenario to privatising a Government-owned bank even though the Government-owned bank is probably more secure because it is underwritten by the Government. Likewise the Government can identify a whole range of activities including the importation of those oil products as the kind of businesses in which you could get mass investments as you have in utilities companies like the telephone company and Barbados Light and Power and so on. This is where your energy policy should be focussed on getting maximum participation by Barbadians and the benefits of it.

We all want to hear about the Gas Work 2000 project because the way in which that matter was explained to the people of Barbados leaves many questions in my mind. The Honourable Member for St. Peter reduced the Gas Works 2000 project to what he said was an innuendo by me about his election agents. He could not stand responsible for his election agent but the law in Barbados is very clear, particularly in relation to elections, that your election agent really stands in your stead. I have never had an election agent because I am not authorising anybody to go out there and do anything for which I am personally liable so I am my own election agent. It was quite revealing to discover that the Honourable Member for St. Peter was telling us about his election agent in relation to a project which took place at or about the time of the elections.

Mr. Deputy Speaker, some clarification needs to be made on that issue and I do not want it to be made at a superficial level. It is clear that there were problems with the Gas Works 2000 project because the board had to resign, the manager was sent home and there were problems in the tendering process. Why did the Opposition, two years after the project had started or more and after some of the infelicities were identified, have to raise this when we are told that we have a Government of transparency and accountability? Would anybody believe what the Honourable Member for St. Peter had to say today about the standards that he set for his Government when, if he did not raise it nobody would know any thing about it? If he did not raise other issues during the course of this year, the public would never have known. I want to know about the Gas Work 2000 project, about the state of the National Petroleum Corporation at this time and about what the Minister proposes to do relative to the infelicities, if any, that were identified in the undertaking of that particular project.

In relation to housing, I believe that the Honourable Member for St. Peter could not be serious to come to this House and give us the impression that a multi storey building in Warrens, which is not

even higher than the weeds around it and it has not even come out of the ground....

Asides.

Mr. D.J.H. THOMPSON: Well, the weeds are tall because they have been there for a long time. After two years of the Government providing significant resources for the National Housing Corporation all you are hearing is that the matter is being resolved.

Asides.

Mr. D.J.H. THOMPSON: Last Estimates we were told that the matter is being resolved, that everybody was called together at a meeting and the matter was resolved. The Chairman of the National Insurance Department told us that they put money in it and that it has been sorted out, that we were scaring people and making allegations against his integrity. All we said was that the National Insurance Department had put millions of dollars into a project that is going nowhere.

Today, the Prime Minister spoke again and other than telling us what the problems were, he has not been able to tell us when the project will be completed. We cannot get a progress report and if I did not ask I would not have known that the building is up to floor one but what does floor one means? How many storeys is it? When do you expect to complete it?

Mr. Deputy Speaker, there is no guarantee that we will get to that in this debate. Look at what is happening at Country Road.

6:15 p.m.

Monday, March 12, 2001

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

Look at what is happening in Country Road, the NHC instead of being able to focus its attention on its primary responsibility which is to build houses for Barbadians to live in.

How do you expect the NHC to deliver if it is being diverted to build commercial buildings to recover rent and build an office structure which is going to pull some of its resources? Somebody told me that they called down at the NHC and they told them that they only disbursed one loan a month.

Asides.

Mr. D.J.H. THOMPSON: I had people who had loans approved, they had a problem with the titles and they perfected the titles. When they went back to NHC they were told to go Barbados Mortgage Finance and when they went to Barbados Mortgage Finance they were told sorry that the basis on which they were going to lend you we cannot lend you because you had to finish the building. So that people are back to square one.

These are the kinds of pressures that you place on citizens that make them feel alienated from the very institutions that are supposed to deliver benefits to them. That is one of the reasons why the Honourable Member for St. George North is justifiably criticised for not delivering on Government's housing policy.

I can bet you that before this debate is finished the Honourable Member for St. George North will tell me that I have misled the House; he is going to tell me that everything is fine down at NHC; he is going to quote all kinds of statistics and I believe that he does it very well-intentioned. He does not realise that he is misleading the House.

Asides

Mr. D.J.H. THOMPSON: He is very well-intentioned. At the end of the day he has to get a grip on the National Housing Corporation.

By and large his heart is in the right place. I am not reeling against him per se. I believe that the Honourable Member has bitten off more than he can chew and they are some over there who are doing a quarter day's work for a full day's pay who should be trying to assist. They are some on the Back Bench too, 26 people.

Last year I asked the Prime Minister to hold them upside down and shake them. Somebody got vex about that but I am not asking him to anything. I ask him to bring the more experienced one onto the front bench to assist in the fight against crime and so on and that apparently is not possible. So you have bright able individuals wasting their time on the back bench, unable to contribute effectively to the policies of this Government. Then you have some fellows on the front bench, again well-intentioned, but it is just beyond their capability to get some of the things that need to be done, done.

You bog down Ministers where you can see that they are making no headway and where it would be desirable to move them onto other responsibilities.

Asides

Mr. D.J.H. THOMPSON: I am not dealing with labour during my second reading speech. I dealt with that the other day but I know that I will speak and my Member of Parliament will reply. He has his reply written already and I have mine written. I am not into that except to say that I believe that it is vital for the Government to bring the important pieces of reform to protect workers in Barbados.

One of the complaints that is made even in relation to the social partnership was the absence of some of that critical legislation to protect workers in our country.

Hon. G.A. CLARKE: On a point of order. I would like the Honourable Member to clarify a position that he has made which is totally untrue.

The NHC for the period June 2000 to 2001 disbursed 239 loans at a cost of \$4.3 million. Whereas in the parish of St. John over \$252 000 were disbursed for one year.

Mr. D.J.H. THOMPSON: Sir, you see what I said about Honourable Member for St. George North, I said that the National Housing Corporation said it had been disbursing a loan a month. He got up and told me that between June 2000 and 2001 it had disbursed an aggregate amount. I am talking about what it is presently disbursing. You have not told me what fund you are talking about.

Asides

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, Sir, the Honourable Member for St. George North knows that the National Housing Corporation is facing cash flow problems.

Asides

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, Sir, as I said I am not going to bother getting into any discussion with the Honourable Member for St. George North. He knows that for six years that the people in Gall Hill cannot get a conveyance.

Asides

Mr. D.J.H. THOMPSON: That is because the National Housing Corporation put them in possession of lots and then discovered that the survey plans were wrong, then for two years they cannot get the survey plans corrected.

I am telling you that those persons, some have paid commitment fees but they cannot get the matter to move any further because they cannot produce survey plans or conveyances.

There are other developments in Barbados where the National Housing Corporation has been involved in similar delays.

Asides

Mr. D.J.H. THOMPSON: Do you know why it does not matter? The Honourable Member for St. George North said in a debate in here that the NHC was employing additional surveyors.

Asides

Mr. D.J.H. THOMPSON: The Honourable Member for St. George North has to be careful when you get up and make statements in the House and then do not back up by action. You said additional surveyors were being employed and that within a matter of months, the survey plans for those lots and others would be ready. To date, a whole year later, those survey plans are not available. Some of those people got their loan commitments in 1996 and this is the year 2001 and still they have not been able to complete their purchases.

The NHC then had to move into a secondary mode of taking money from people and applying it towards the potential loan. I am saying that the National Housing Corporation obviously cannot manage its responsibilities how to deliver housing to low income Barbadians. That is a fact and all of the

evidence is there to support that.

I want to deal with the health sector. I see that the Government has indicated that it is increasing the budget for the Queen Elizabeth Hospital. This is another area like the BTA for which the Government since 1994 had been making all kinds of pronouncements and announcements, none of which had any impact whatsoever on the delivery of health care by the Queen Elizabeth Hospital.

The top managers of the hospital were knocked off. Some years ago, the Rt. Honourable Member for St. Peter said that he was not responsible and that he only announced it. They were terminated or paid out. A Permanent Secretary was appointed; more money was given to the hospital such that the budget has actually doubled in six years and yet the situation at the Queen Elizabeth Hospital has continued to deteriorate.

The Government has blown money in the Greenland Fill and every indication is from the Ministry of Health and the experts that alternative approaches would have to be used other than the use of Greenland.

6:25 p.m.

Monday, March 12, 2001

Continuation of Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, at the end of the day when you consider what has been wasted at Greenland and look at the deterioration at some of the Polyclinics, I revert to the issue of the St. John's Polyclinic. Every time there is rain the St. John's Polyclinic becomes flooded and on the last occasion that a Parliamentary Question on the St. John's Polyclinic was answered in here, the Government said that it was reviewing whether it should complete the

Polyclinic on that site, which basically means that they were not going to complete the Polyclinic, on the very day people who were in the St. John's Polyclinic had to be rescued as a result of rising water level.

So you have \$30 million wasted on Greenland and other areas of health being starved of resources and as I said the Honourable Member for St. Peter is only now carrying out a survey on the expansion of the Queen Elizabeth Hospital. There is legislation now to establish a Board at the Hospital. Boards do not deliver medical care, they manage institutions and it is not just a question of management at the QEH there are a number of other related issues that need to be dealt with and we on this side are saying that the Government has not been serious about tackling the problem in the health sector in Barbados and that the continuing slide is threatening, particularly those Barbadians who cannot afford health insurance schemes and who cannot, other than go to the QEH for their medical care, so what we are talking about is the poorest of Barbadians who do not have any alternatives; they do not have any health schemes, any resources to pay for the medical care and even those who do have money in Barbados, they have to rely on the Medical Aids Scheme if they go out of Barbados and have to rely on Health Aids Scheme to cover the expenses of their health problem. And I think it is a national scandal that the Government has been toying around with the problems which the QEH, for the last six years, blaming it on the St. Joseph's Hospital, blaming it on the building, blaming it on the absence of a Hospital Board and despite the fact that we were told that the Hospital at one point was even being managed from the Cabinet nothing appreciable and positive has occurred in relation to the management of the QEH. That is of great concern to us and therefore, when we approve the Estimates this year with an allocation that it seize \$100 million for the QEH we have to be concerned about whether those resources will ever make any difference and therefore why should we support that allocation.

That is not the only area of concern. I believe that it is a major error on the part of the Government to further slow down the Edutech Project. Far from slowing it down I would try to find every resource to speed it up. I believe strongly and I said so, because we had a little consultation only Saturday with the Caribbean Development Bank (CDB) and I said to them that they see the Edutech Project as a kind of pilot, because they were saying that other Caribbean countries have to learn from Barbados' mistakes, yet we are not getting any benefit from being the guinea pig...

Aside.

Mr. D. J. H. THOMPSON: You do not get any major concessions for being the guinea pig. We are saying that if you are the guinea pig then you have to underwrite part of that experience cost. You do not get that, but then part of the other problem is that such a massive undertaking that when you spread it out over the 7 years there is still going to be a percentage and it might be pretty significant and as I said at the beginning, that is not going to benefit from the Programme, so we argued that it be speeded up and they pointed out no, that it actually be slowed down and we said that would be extremely unfortunate because if you say that human resource development is at the center of your strategy in relation to Barbados positioning itself in the new global environment in the world of liberalized trade and the use of technology and so on, then you need to accelerate it and accelerate it significantly.

So it is a great disappointment to us to hear that the Edutech Project will now have a time span of 8 years before its implementation...

Aside.

Mr. D. J. H. THOMPSON: Well, if you get it speeded up you will have our support, assuming everything about the Project is above-board, that the expenditures are mapped by efficiency, et cetera, education utilizing computer technology, improving the school plant, all of these things are going to be vital. We even feel very strongly that the benefits should be passed on to Barbadians to equip their homes with computers, not just the community centers and I think that was a position that we adopted a long time ago and therefore, as I said we are disappointed and feel that the Government, far from slowing down the implementation process that they should in fact speed it up, but the Minister of Education will have a chance to talk about that in due course. When we looked at the allocation for Primary Schools, though, there are 28 Primary Schools to which Government expects to undertake repairs this Fiscal Year. I think that is the figure I saw...

Aside.

Mr. D. J. H. THOMPSON: ...which is a small sum compared to the needs of many of our Primary Schools in Barbados and indeed the Government needs to mobilize more resources for ensuring particularly, that the Primary Schools... when you look at the conditions of the toilet... I do not think that there is a Primary School that I have been in, even Primary Schools where the Government has recently undertaken refurbishment, where you can find a toilet seat, where a sink is not broken, where a pipe is not leaking and so on and I think we have had debates on this on several occasions in here and I am appalled at the level of vandalism that is taking place. And it may not be vandalism in the classical sense in which we define that word, it may be just people's attitude to using the facilities, the way they consider that it is Government's so let us not care it, let us not treat it with respect and that kind of thing and this is posing a major problem and I believe that apart from the allocation of \$2.1 million, the Minister of Education needs to say whether it has not been her experience that months after undertaking major refurbishment in the Primary and Secondary Schools, the plant does not revert back, particularly the sanitary facilities to the condition that it was in when you actually undertook the investment in improving the physical conditions.

On the question of roads, this is not the first time in the history of Barbados that foreign financing has been mobilized for roads or tenantry roads. In fact, the Honourable Member for St. Michael West Central would know that in 1989, I think there was, the Government of Barbados negotiated major financing - initially \$56 million through the Government of Venezuela, for the construction of tenantry roads in Barbados. In fact, I remember 7 tenantry roads in St. John being done, some in St. George, St. Philip South, Sunbury Road, St. Philip, Frere Pilgrim and a number of contractors were involved: C. O. Williams Construction Ltd., Rayside Concrete Works, C Q's Construction & Concrete Works Ltd., so this is not the first time, but hopefully the Government is going to learn from the mistakes of that previous Tenantry Road Programme. A lot of the contractors, particularly when you use the smaller contractors have problems mobilizing, you have problems managing more than one project at the same time and therefore, the Government has to ensure to design the implementation of a Tenantry Road Project very carefully, because we in the DLP got burnt very badly, we were not able to draw down the full amount of money because the Venezuelans left Barbados owing people money. There were a number of contractors who did not complete the Project - dug up areas, put down marl fill, dug trenches for water mains and then the Projects were never completed. Some of them took three years to be undertaken and I hope the Honourable Members for St. Philip South and St. Michael West Central are

mindful of what happened previously and that we would not end up with a situation like that.

Even Society, Tenantry Road, St. John, that road was down by the Ministry. They put in marl fill and then took two years to pave it so by that time they had to go back in and reconstruct part of the surface because overtime it had washed away and Government therefore ends up in a situation where the contractor, by his own actions, adds to the cost of the project. If you are running on a tight budget you cannot give him the additional resources you have to wait on supplementary or something to stop working, and then he get back to the Project and in some cases work that is done is sometime very shoddy work, so I believe that in managing a Tenantry Road Programme you have to have persons who truly understands what the Programme is intended to deliver and have an understanding of how contractors function and that we can expect a higher level of performance with this Programme.

It is an excellent idea to mobilize resources for tenantry road. MTW, though they have good workers when it comes to those Projects - In fact, all the roads I saw MTW do, though they are painfully slow, the roads were extremely well done, but they are excellent at that.

5:35 p.m

Monday, March 12, 2001

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

Sir, the point is that at the end of the day, the only way that you are actually going to get a tenantry road programme under way is if you borrow significant sums of money. What is more important is that you fairly distribute that money across Barbados.

I heard the Honourable Member for St. Peter say that he was concerned about roads in St. John, St. Philip and St. George but yes, there are roads in St. Lucy, I visited one the 'other day' that was in very bad shape and even my own view is that to complete the roads in St. John alone would absorb the \$40 million. Sir, you are talking about areas in St. John like Kendal and College Savannah which are very convoluted. In addition, you have Clifton Hall Tenantry and all of those are developments which are going to be very difficult in terms of execution of the road programme.

What I would say about the National Road Programme is that there are three major roads in St. John and all of the roads in St. Philip that need fixing such as Station House Hill and Bushy Park. I really wish that we could get these roads done because the people in St. Philip people and St. John have been

suffering badly. That road from Malvern to District 'C' Police Station, Bushy Park Road, the road in front of Holy Trinity...

Aside.

Mr. D.J.H. THOMPSON: Yes, I am talking about main roads now. I hope that we do not end up at the end of the year in a situation where the Government has run out of money and all those roads have not been done because they are important. Some of these roads have not been touched for a long time. A truck from the Ministry of Public Works and Transport passes, drops some - I do not know what they call it - in a whole and that has been going on for the past fifteen years or more in some areas and therefore, it is vital that there be some improvement.

You have a lot more cars on the road. St. Philip as a parish on a whole has changed in its demographics. There are more people using motor cars and therefore, it means you are going to have more stress on all of the roads. Already, the road from Bridgetown, right up pass Bussa to Six Roads, it stood up for a long time but you are starting to see that major rehabilitation that is going to be needed to the surface of that road. There is no point at which you leave Six Roads coming to town that you do not meet traffic, that was not so when I first moved into St. Philip but now you can meet bumper to bumper traffic from Six Roads to Bridgetown. In fact, you can meet it from Beulah corner and probably higher, straight into Bridgetown and that probably would give you an indication of the amount of traffic on the road.

This brings me to the point that the Minister of Public Works is going to have to, very seriously and not by way of glib television appearances or press conferences old talk, but bring to this House, a plan for the management of traffic.

Aside.

Mr. D.J.H. THOMPSON: No, it does not hurt me. I do not watch television news every evening. I am not home at that time but the point is that people say they see you a lot. They do not tell me what you say, which is unfortunate, but what I would like to say is that you should bring the policy because we need to discuss the management of traffic in Barbados as a Government policy.

It is going to be very important and you are going to wait until the situation gets totally untenable to recognise that you have no policy in place and that frustration levels will increase - road rage, people getting to work in a state of anxiety because they spent hours driving to work. If you leave St. Philip to drop children to primary school in Bridgetown, although the Minister will say, ideally, they should not be at school in Bridgetown but that is not relevant because you have to come to town to work and it could take you two hours to get there.

You know that is so. It is not only so coming from St. Philip, it is so coming from St. Lucy, it is so coming from St. George, it is so coming from Christ Church. Even when the work that is being carried out in respect of the South Coast Sewerage Project and all of those other projects is finished that is still not going to ease the situation. That has slowed it down. It has slowed down a lot of the traffic but it is not going to make an appreciable difference to the situation.

You can have, as happened in Collymore Rock last week, a ZR van broke down in front of the shop on Culloden Road and traffic was backed up on Belleville going right up Government Hill and that is one van that had broken down. It is happening throughout Barbados.

6:45 p.m.

Monday, March 12, 2001

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

It raises frustration levels and it impacts on people health too because people have to sit in that traffic. Some have air-conditioning in their vehicles and some do not. Some have a radio to listen to and some do not. If you have a radio and you are listening to the Voice of Barbados (VOB) programme to all of those people who call in with their cares and concerns, you can sit through it. I am talking about the tension and the anxiety in relation to the traffic that is on the roads in Barbados and I believe that the Honourable Member needs to address that issue in here.

As regard the Ministry of Social Transformation, I believe the Honourable Member for St. Michael South East would acknowledge that the senior citizens project at Vauxhall - I think the land was acquired by the Democratic Labour Party prior to 1994 - is a longstanding project which has taken too long to get off the ground. I am glad that he has got it moving because that money was on a bank account for the longest time and nothing was happening and I was about to ask a parliamentary question about it because I am very concerned.

I will go as far as to say that our vision did not end with Vauxhall. When I was Minister of Community Development, the National Assistance Board asked me to make representation to use - I do not think we had to acquire it because it belonged to Government - the land next to the Good Shepherd Church to provide beach facility for the elderly so that we can have a facility in which we can have ramps, pools and different things that the elderly can utilise. That was one of the projects that we were looking at. I do not know what is happening to that land. I suspect that the Government had a house on it. I do not know what has happened to it but there is still an area of land in Fitts Village next to the Good Shepherd Church that should be made available for something like that.

We support the development of senior citizens villages. What I will say though is that the subsidies which the Ministry of Health has offered to their project with the elderly have not been working out as well as was intended and it needs to be investigated and redesigned because the owners of the homes have to put out the money up front. If you are paying a home \$15 000 a month for the care of an elderly person and a home has two or three elderly persons, that is \$30 000 or \$45 000 up front that the home has to look for.

A lot of these homes are run by returning nationals who do not want overdrafts at this stage in their lives. They are bringing back some expertise to Barbados but the Financial Rules apparently have been posing a problem for them because the attitude of the Ministry of Health is that they cannot advance the money so they have to get the money up front to feed the people who are in the homes and so on but then as usual Government is very slow in reimbursing them for the expenditure which they incur. Therefore, the project is not going as smoothly as the Government had announced that it would at the time when it was introduced. I think it needs to be looked at very carefully.

The last point that I want to deal with relative to this year's Estimates is that what is often absent in debates such as this, and the Honourable Member for St. Peter even when he dealt with the problem of crime could not bring himself to do it, is the ability to bring all the strands of Government's expenditure and its programmes together under one philosophical rubric.

In other words, if one accepts that there are challenges that are facing our young people and if one focusses on the problems of crimes in the society and the issues relating to teenage pregnancies and underachievement, then I believe that it is the responsibility of the Government to design a series of interlocking policies across ministries that will tackle the problems of marginalization, alienation and crime, which the Honourable Member for St. Peter spoke about, in a holistic way.

What we see in these Estimates regrettably are fragmented approaches to deal with the social problems in Barbados and the duplication of efforts across the various arms of Government both statutory and central government, which is not the best way to deal with the social problems that are occurring in Barbados. I think that Government needs to pay attention and try to find ways to rationalize its expenditures in these areas.

What you would also find as a characteristic of this Estimates, and it is the first time that the Government has actually admitted it, is that more money is going to be invested by companies own by Government, in other words, off budget, than is going to be invested by Government in its capital works programme. That is a serious development because we have been saying constantly in here from the vantage point of Opposition that where you have private companies own by Government which are undertaking more economic activity in terms of new investment in the economy than the Government itself is undertaking and you have no oversight of the operation of these companies, it means that Parliament is losing its control and its accountability in relation to Government funds.

Many of these companies are getting grants or investments from The Public Enterprise Investment Fund. Many are getting loans which Government guarantees. Many of them are accessing resources from the Government centrally and then they, as private companies, have flexibility to undertake the investment. There is investment at the Hilton Hotel. What is happening in relation to Southern Golf

Course? All of those are private companies which Government owns. Million of dollars in investment is taking place under the Barbados Tourism Investment Incorporated (BTII), which the Prime Minister puts a target on as over \$360 million, which is being invested by private companies during this year and in the next few years or so and which amounts to more than the capital works programme of Government for this fiscal year.

Parliament has no say, no accountability and no influence over it and the Board of Directors have more power than the Ministers. If the Honourable Member for St. Michael West Central had control of one of those companies he would not have any difficulty at all - what is the word he used - in spreading it around because nobody would scrutinize it. I am giving him a hint because at the rate he is going, he will need that kind of assistance.

So we have these private companies who are investing in new hotels, some doing road works even and some undertaking major physical developments in Barbados but they do not have to account to Parliament but Ministers who head statutory corporations and ministries who are undertaking investments have to account to Parliament which is the wrong way around.

Asides

Mr. D. J. H. THOMPSON: They should account to Parliament particularly where they exercise their powers under the Act to vary decisions of the board of statutory corporations. That is how I should have put it. That situation needs to be remedied.

The Government has promised new legislation which would ensure that those companies will have to report to Parliament because the Public Accounts Committee should have a role in ensuring that audits are done, ensuring that effective tendering systems are put in place and all of the other important procedures that apply to statutory corporations and other departments.

This year, Mr. Deputy Speaker, I thought I should take the opportunity to go through some of the individual concerns that I had relative to portfolios.

Asides

Mr. D. J. H. THOMPSON: I believe, as I have said before, that this Estimates debate cannot be characterized as business as usual because basically we have stood still in time. There are no new major initiatives that have been identified by the Government other than increases in budgetary allocations in specific areas. Even when the Government has identified new initiatives in its last Budget they are not supported by allocation in the Estimates and many of those initiatives have remained unimplemented. At the end of the day, these Estimates do not come into contact with the major problems that affects Barbadians. What is really happening is that the Government is focussing its attention not on solving the problem but on solving things around the problem.

It is important to recognise that the economy of Barbados, despite its economic growth, is becoming more and more dependent on foreign investment in a very narrow sector of the economy and that is in relation to land purchases. What is of even greater significance is that, despite the growth, the Government has relied very heavily on foreign borrowing so that as an economy, Barbados is not

becoming less dependent but is becoming more and more dependent. I think it is instructive that in the Budget debate in October last year the Honourable Member for St. Peter took as his cue for saying how well the Barbados economy is performing to point out that the Moody's had given Barbados good investment grades.

6:55 p.m.

Monday, March 12, 2001

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

What I thought was most hilarious coming from the man who is alleged to have thrown the IMF out of Barbados. He then went on to say that the international institutions were celebrating that Barbados had attained - I think he said 24 weeks, as it was then, of import cover in relation to our foreign reserves. I actually underlined it and I believe it is an important quotation, Mr. Deputy Speaker, that should be put into the records of the House because the Honourable Member for St. Peter usually gives the impression that the international institutions are irrelevant.

Sorry, I made an error. This is what he said:

“Mr. Speaker, to cap it, while Barbadians recently were soaring on the wings of pride on account of our Olympic achievements Institutional Investor in its publication for the annual IMF World Bank meeting was celebrating Barbados as the country with the sixth best improved credit rating among the global family of nations.”

Mr. Deputy Speaker, Sir, when you reflect on that, and then you reflect on the position of many average Barbadians particularly middle class Barbadians, when you reflect on their credit rating nobody is celebrating with them as we undertake this Estimates debate. When you reflect on the fact that the Honourable Member for St. Peter could point out the impact of the VAT is so tough that while he was collecting \$32 million with one hand arrears were being built up to the tune of another \$70 million in the other. Some of these people no doubt are people who are avoiding their obligation to the country but many of them are business people who collect the VAT use it to sustain their businesses and then cannot pay it over to the Government. That is a fact.

It is also true to say that some of them are businesses that are owed money by Government in terms of VAT refunds. But we are to celebrate our achievements not in the context of what is happening to

Barbadians but in the context of how the Institutional Investor views us, how the IMF and the World Bank view us, how the international institutions and private banks view Barbados. Meanwhile the challenges we face at home are simply not being effectively addressed by the Government either through its economic policies or through the initiatives that it has identified in the Estimates debate for this year. Therefore, we characterise it as a scenario in which Barbados is basically standing still, coasting on the economic achievement and reforms of the 1991 to 1994 period and at the end of the day what we would have had in here quoting the Right Honourable Member for St. Peter or using one of his phrases is an exercise in which talk is cheap. He did a lot of talking and there was no shortage of it, but when you translate that into initiatives by the Government to grapple with the problems it is clear that the Government has come up short and, hopefully, the debate on the Estimates this year will highlight those deficiencies and members on that side will respond to the urging of the Backbench and the Opposition to improve their level of performance and ensure that the needs of the people are truly met.

Thank you.

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I compliment the Honourable Leader of the Opposition for his precision in stopping his speech at one minute past seven. It is very timely therefore, that I beg to move that this House be suspended until Tuesday, March 13, 2001 at 1000 o'clock in the morning. The debate continues without any formality and that will be so until Thursday when we resume at two o'clock, otherwise it will be 10 o'clock every morning automatically that the debate will continue.

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.

7:03 p.m.