
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, May 15, 2001

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, May 15, 2001.

PRESENT

His Honour J. M. EDGHILL, J.P. (Deputy Speaker)
Hon. Sir HENRY FORDE, K.A., Q.C., M.A., LL.M. (Cantab.)

Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.), (Prime Minister, Minister of Finance and Economic Affairs) (Minister of the Civil Service)

Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs) (Leader of the House)

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

Hon. Sir HAROLD St. JOHN, K.A., Q.C., LL.B.

Hon. Miss B. A. MILLER, (Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade)

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

Mr. D. CARTER (Chairman of Committees)

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

Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands)

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

Hon. H. F. LASHLEY (Minister of Social Transformation)

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

Mr. D. St. E. KELLMAN

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

Mr. M. Z. WILLIAMS

Mr. T. A. PRESCOD, B.A.

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

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

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

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

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

Prayers were taken by Canon Father Ivan Harewood.

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

MINUTES

Mr. DEPUTY SPEAKER: The Minutes of Tuesday, May 8, 2001.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, May 8, 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:

Annual Report of the Central Bank of Barbados for the year 2000.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on behalf of the Minister of Tourism, I am commanded to lay the following:

1. The Annual Report of the Needham's Point Development Inc. for the year, 1999.
2. The Annual Report and Statement of Accounts for the Barbados Tourism Authority for the period April 1, 1998 to March 31, 1999.

FIRST READING OF BILLS

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

The Employment Rights Bill, 2001.

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

ORAL REPLIES TO QUESTIONS

Hon. A. P. WOOD: Mr. Deputy Speaker, the reply to Parliamentary Question No. 10 asked by the Honourable Member for St. John is now ready.

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, the reply to Parliamentary Question No. 23 asked by the Honourable Member for St. John is now ready.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, the replies to Parliamentary Questions Nos. 29, 32 and 33 asked by the Honourable Member for St. John are now ready.

Hon. Miss B. A. MILLER: Mr. Deputy Speaker, the reply to Parliamentary Question No. 34 asked by the Honourable Member for St. John is now ready.

Hon. N. A. LYNCH: Mr. Deputy Speaker, the reply to Parliamentary Question No. 36 asked by the Honourable Member for St. John is now ready.

Hon. A. P. WOOD: Mr. Deputy Speaker, the reply to Parliamentary Question No. 58 asked by the Honourable Member for St. Lucy is now ready.

SUSPENSION OF STANDING ORDERS

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

Rt. Hon. O. S. ARTHUR: I beg to second that.

Hon. D. A. C. SIMMONS: In moving the motion for the suspension of those Standing Orders, I wish to advise the House of two matters.

The Securities Exchange Bill which we are going to deal with as the first Item of Business appears to be deficient in some of the copies which have been circulated. The Schedule dealing with functions of the Commission seems to have been omitted from the back of the Bill. Copies of the Schedule are now being circulated. There are also two areas of the Bill which require amending. Those amendments will be dealt with and I would wish to proceed with the Bill today on the understanding that we will postpone further consideration some time this evening after a number of Members have spoken, make the amendments and substitute a Bill next week with the amendments including the addition of the Schedule.

Secondly, I propose this afternoon at some point to take Question Time so that Replies to the list of Parliamentary Questions announced today can be given.

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. 5 SECURITIES BILL, 2001

Hon. R. R. FARLEY: Mr. Deputy Speaker, I rise to move the Second Reading of the Securities Bill, 2001. This Bill is another demonstration of this Barbados Labour Party Administration to take our economy and society boldly into the new world of the 21st Century.

This Securities Bill which will be debated today is part of that legislation which we have already started to introduce to underpin the workings of the new economy. We committed ourselves at the start of this Administration to the restructuring and repositioning of the Barbados economy to ensure that we are able to face the challenges of transition but, more particularly, to take full advantage of the opportunities as they present themselves in the new economy. As we attempt to do this, however, several of our laws, rules and regulations governing major aspects of our economy are now in the realm of the archaic and in need of reform. These structures have served us well so far, however, we cannot dwell on the success of the past when these structures were relevant but we have to reposition ourselves to take advantage of the future.

This Bill, therefore, takes its place alongside legislative reform such as the Fair Trading Commission Act, the Electronic Transactions Act, the Utilities Regulations Act, the Financial Institutions Act, the Small Business Development Act and several other Bills which have passed this House as they relate to restructuring and repositioning the economy.

In fact, Sir, this Bill goes further. This Bill is not merely an economic instrument, as it may at first appear, but it is also a most fundamental and essential part of our ability to achieve some of the social objectives which we have set ourselves.

We committed ourselves to ensuring that we provided opportunities for widening the ownership of capital in Barbados, that we stuck to the task of the economic empowerment of the broad masses of the Barbadian community and that we pursued a path of development which was characterised by social and economic justice.
11.25 a.m.

This Securities Bill, 2001, is based on the principle that the role of Parliament must be to provide protection for the most vulnerable, the most exposed and for the greatest number. Within the framework of the working of the financial markets, the investing community, the investing public must be provided with protection.

One of the writers on the securities matters and the need for regulation in the financial markets, noted that regulation and supervision of the financial system, though important and though a major plight of the market economy, cannot ensure in and of itself that people do not make mistakes or do not make fools of themselves but, most fundamentally, they are not the subject of persons who are less than up-front and honest; persons who are into sharp practices and persons who would hope to make fools of the unsuspecting.

This legislation basically provides, as far as it is possible in a modern economy, for a system to guard the guards. Where the previous arrangements which we had and which have worked well in their time, which basically provided for a location and a basic framework for the trade in securities, it goes deeper to ensure that there is very clear regulation on market conduct and the registration of persons who would hold themselves out to be experts, and generally for the protection of the investor. Mr. Deputy Speaker, I see this legislation as very fundamental.

Additionally, this legislation brings the trading of securities in Barbados squarely and properly into the e-commerce age. We currently have a system in Barbados in which there is much manual trading in shares. In fact, we

recently launched the electronic trading platform but there is still not a full legal framework to underpin that particular activity. This securities trading legislation which we are debating today will bring securities trading in Barbados fully into the e-world in which we live today.

Sir, I want to say at the outset, that this legislation is all about corporate democracy. This legislation is about providing a mechanism for the broadening of ownership. This legislation is about providing a workable mechanism for the greater participation of a wider cross-section of the Barbadian public in the ownership of shares and this legislation is about ensuring that having gone the route of ownership, they are able to have effective and meaningful participation.

Sir, the Government, in these matters, always leads by example, for example, the privatisation of a number of government entities, recently the Insurance Corporation of Barbados and the Barbados National Bank. The Government took a clear deliberate policy decision that they would want to privatise by ensuring that the enterprises were put in a commercially sound position and therefore to be attractive propositions for investment.

More fundamentally, we would not simply transfer the majority or total Government ownership for a majority or total single private ownership, but rather to go public to ensure that the public at large is able to participate in the ownership of these enterprises. In addition to the public at large, to ensure that we also provide opportunities for some of the newer financial entities which represent the Barbadian community, particularly credit unions and related institutions, that they are able to play a meaningful role. Sir, this democratisation of the corporate world and corporate governance is all part and parcel of what this Securities Act is all about.

Sir, at the core of what this legislation is all about is the matter of the functioning of the Securities Exchange. The difference between this legislation and the former legislation, however, is that while that focussed exclusively on the establishment and the basic function of the Securities Exchange, this securities legislation includes that as well as other features of the marketing securities.

Sir, understand where we go with this legislation. Before I go where we are, I want to look at where we were. Prior to the establishment of the Securities Exchange of Barbados in 1987, trade in shares was done on a very informal basis, on a very infrequent basis and only with a select few. The offices of solicitors and trust companies were the locations where a few people who knew about these things got together and exchanged these shares between hands. Sir, because of the nature of our social and economic arrangements, the trade in shares invariably tended to be within the same family and within the same social strata.

Therefore, although there was a trade in shares prior to the establishment of the Securities Exchange, it really did not touch the broad masses of the society.

The Securities Exchange was established, Sir, in an attempt to broaden the opportunity for participation by a wider range of persons. There were also very sound economic development reasons for establishing a Stock Exchange in Barbados. Sir, well functioning Stock Exchanges tend to be one of the principal characteristics of well-developed economies as compared to developing economies. Stock Exchanges and Stock Markets generally provide an opportunity to tap into the saving potential of the economy. They provide an opportunity for those persons with excess funds to put them into the system. This provides an additional instrument which could meet liquidity needs *et cetera*.

Sir, that pool of funds also becomes readily available to the business sector. In fact, you would have heard the Honourable Minister of Finance in several of his Budgetary presentations indicate the commitment of this Administration to ensure that we fully develop the capital markets in Barbados to ensure that we are able to finance our own development.

Sir, one of the characteristics of the Caribbean and the Latin American region has been the relatively low rate of savings, a rate of savings which was at the level which would not allow us, if it had continued at that low rate, to be able to finance business and other investment in the economy. Sir, that is a fundamental role which the Stock Market is supposed to play.

11.35 a.m.

Sir, one of the other fundamental policy aspects of this Administration is the encouragement of entrepreneurship, particularly the entry of new persons into the market. It is hoped that the existence of a well-functioned securities market would provide an alternative to debt financing as a means of providing finance for business investment and, as I mentioned before, the whole matter of the case of privatisation.

Sir, it is important to note, that in this year 2001, we are introducing new forms of regulation for the securities market and that the most free market in the world is also the most regulated. There are some persons who preach the ideology of the free market where they assume that a market left to itself, unregulated, will find the perfect solution to every social and economic issue in an economy. That, Sir, is not what we would need. That, Sir, is not what works in reality.

The New York Stock Exchange must be the largest and busiest securities in the world. It is also, Sir, one of the most

regulated because all practitioners recognise that in the absence of clear rules and regulations, there can only be chaos. It could only lead to the disadvantage of the individual investor who tends, generally, to be the one who is short on information so vital to making important decisions for his future.

Sir, what we are doing today by way of this Securities Bill is also important in terms of other aspects of our new economic arrangements. We have made a commitment to be part of a CARICOM Single Market and Economy. We have made a commitment to be part of a free trade area of the Americas and other international arrangements. We have a responsibility, of course, to ensure that the economic and financial system of Barbados works in the best interest of Barbadians. We are also committed to ensuring that Barbadians and their institutions are able to play the meaningful role in the fully integrated economy.

The Heads of Governments of the Caribbean region since 1989, in the Grand Anse Declaration, have made a commitment to establishing a Regional Single Market and Economy. That process however hardly moved until between 1995 and 1997 when the Prime Minister of Barbados convened a special session of CARICOM to look at the creation of the Single Market and Economy and put new steam and new impetus to those developments.

The establishment of a Single Market and Economy and all that it implies suggests, Sir, that we would have amongst other things, a harmonised approach to the matter of trading in securities in the region. One of the things that has affected the growth of securities markets, not only in Barbados but the region, has been the approach which regional investors have taken to securities markets. All across the region, Sir, we have a number of Exchanges and in all of them, activity has tended to be rather thin. Part of what we see in Barbados and what we certainly will hope to change, is the fact that many investors in the Caribbean region tend to buy securities to hold and not to trade.

In fact, Sir, whilst that might be the perception and approach which some investors take and which may suit their needs, what it does not do is provide an opportunity for new participants to enter the market. More particularly, it does not provide for the level of confidence in the liquidity of the system, because they certainly will not encourage more persons to purchase shares in our markets, if they do not have the confidence in their ability to sell those shares whenever they wish.

In addition to changing investor psychology and investor approach, whether to buy shares to hold for the winning yield or to buy shares for the capital appreciation and subsequent trading, the reality is that if we can create a larger market with more diverse opportunities, then there is a greater opportunity to meet the variety of needs.

Sir, the other feature which I must comment on and which has impacted on the willingness of new investors to participate in our system, has been the reality that over the long period of our history, the phenomenon of tightly held companies, the phenomenon of interlocking directorships and the phenomenon of the same social class have been the predominant owners and traders of shares. Then, when that is combined with the old arrangement which we are trying to change where Exchanges were self-regulating mechanisms, operated by themselves, for themselves that that did not add to the confidence which people could place in the system.

People asked the question, who will guard the guards, who will look after the interest of the new investor in the Stock Market and this, Sir, is what this is all about. It is also what the CARICOM harmonisation effort is all about, providing an opportunity for easy trade across the borders within the Caribbean. It is providing an opportunity for Barbadian investors to exploit lucrative opportunities in Jamaica or Trinidad, for Trinidadian investors to invest in building productive capacity in Barbados and that project, Sir, has been under way.

The project had two components, Sir, the creation of a regional stock market and a market for financial instruments such as bonds and debentures.

The overall objectives of that project included the increase in the flow of capital for new investments in the region. This becomes even more fundamental with the introduction and the approval of Protocol 2 which provides for the right of establishment of businesses across the region, for the movement of capital, for the trade in services and aspects of the Caribbean business experience which hitherto did not exist.

Another objective, Sir, was to extend the external flight of capital through the provision of investment opportunities right here in the Caribbean region. So if there were no opportunities available in Barbados, a Barbadian investor could invest in a regional exchange, with an investor in Jamaica, as opposed to going too far outside of the region.

Another important objective of the CARICOM Harmonisation Project was the expansion in domestic savings by increasing and diversifying financial instruments available to investors and, of course, to improve stock market activity by way of volume and liquidity. Of course, out of all of that, the hope is that a harmonised Exchange in the region would provide for a greater pool of capital for the development of the productive economy of the region.

What is needed in order for us to achieve these objectives? We need, in keeping with all other aspects of the CARICOM experience and the CARICOM Single Market

and Economy, to standardise and modernise systems, to update company laws regionally, to harmonise securities legislation and provide for a regional securities governing body, if that is possible and, of course, to educate and promote equity capital and other types of financial instruments.

As it stands, Sir, there are a few active Stock Exchanges in the region. For example, Barbados, Jamaica, Trinidad and Tobago, the Bahamas, now have their Exchanges up and running. In 1999, in Barbados there were some 22 companies listed, in Jamaica there were 45, in Trinidad and Tobago, 27. They had turnover ratios ranging from less than 1 per cent in Barbados, 8 per cent in Jamaica and 7 per cent in Trinidad and Tobago.
11.45 a.m.

I do not have to go on quoting statistics to indicate that there is much room and much need for the harmonization of these Exchanges for cross-listing, and joint-listing and generally to use the critical mass possible from a regional Exchange in order to provide opportunities for a larger number of people.

If we look as well, Sir, at the spread of opportunities, a survey of the top 100 public companies in the CARICOM region in 1999 yielded some interesting results. It shows that in terms of public companies and their performance that there were opportunities for investments in a wide range of CARICOM countries. Of the top 25 performing public companies in the region – and these performances were measured by way of the extent to which the companies were able to create wealth for their owners and other stakeholders relative to the size of the overall operation which was determined by a jointly weighted measure of profits before tax as well as earnings per share.

For those who follow these matters closely, they may wonder why profits before tax and not after tax but that was to net out the fact that there are different tax rates and tax systems across the region and they want to have a reasonable point of comparison. Nine of them were in Trinidad and Tobago, seven were in Barbados, four were in Jamaica, one was in Dominica, two were in Grenada, one was in Guyana and one was in St. Kitts. These cover a range of business endeavours from manufacturing to banking, to utilities, to retail and the like; some were conglomerates.

It shows, Mr. Deputy Speaker, that in terms of the opportunity which we need to grasp by way of trading in regional securities, that there is both the need as well as opportunity in all of the various CARICOM countries for there to be participation and ultimate benefits. In going further into the top 100 companies, the pattern repeats itself in terms of the spread of opportunities.

With respect to Barbados, the Securities Exchange of Barbados, as indicated, was established in 1987. The Securities Exchange of Barbados has functioned pretty well but I must make the point that the growth and the development of the Exchange were rather slow as a result of the lack of resources. When this Administration assumed office in 1994, one of the earliest things that we did starting from 1995 was to restore the subvention which had been discontinued to the Securities Exchange of Barbados and to ensure that that entity – the Securities Exchange of Barbados – was able to undertake a number of fundamental changes.

Through the financing provided by this Administration, the Securities Exchange of Barbados was able to upgrade its trading platform to use it as a computerized trading platform and to undertake a number of trading and other development activities. The Securities Exchange of Barbados has been able in recent times to access international financing for the financing of the harmonization project, the preparatory work to this legislation and several other fundamental improvements. It is through deliberate Government support for this endeavour that the Securities Exchange of Barbados was able to take us to the point where we are now.

The Securities Exchange of Barbados as it stands now is primarily a domestic market. It is a thin market with low volume trades and the challenge for this market has always been the issue of liquidity. I adverted to that earlier by way of the matter of investors' psychology which we hope with the strengthening of this legislation to protect investors and with public education and with a change in attitude that we would be able to see some change.

There are also some other issues which are very interesting to note. It is noted that brokers' commission is usually around 2 per cent. The Securities Exchange of Barbados has more than 0.5 per cent as a fee and usually, therefore, between the buying and selling a charge of about 5 per cent or so is usually levied.

It is interesting to note that in Barbados most brokers are in fact not driven by commission because brokers in Barbados tend to be attached as employees to banks and trust entities so they basically get a salary. They are salaried employees. Therefore, unlike other countries in the world where brokers tend to go after business, where brokers tend to be aggressive, where brokers themselves may enter own account transactions, there is not that incentive-based framework which encourages brokers to push and hustle for business in the way that they do in other countries. That is perhaps something which the private sector has to look at in terms of the way they reward the players within the sector to ensure that there is an increase in the volume of trade.

An interesting feature of late in terms of the activity of the Securities Exchange of Barbados has been the

emergence of the Mutual Funds. The Mutual Funds have provided some boost to the Securities Exchange of Barbados because its institutional investors and traders have been able to boost the level of trades in a number of securities. Another interesting feature is that we now have several cross-listings. We do have some small volume of regional trade in Caribbean securities but this, of course, is not enough.

It was recognised that there were a number of systemic issues which needed to be addressed if confidence were to be boosted in the Securities Exchange of Barbados. All persons who have examined the Securities Exchange of Barbados have recognised that there has to be a change from the Exchange being a self-regulatory organisation with oversight responsibilities to having a separate oversight body to provide for arms-length supervision of exchange activity. This Act that we are debating today, Mr. Deputy Speaker, provides for this phenomenon.

So most of the weaknesses which were identified in the Stock Exchange that we have so far until the passage of this new legislation, has been the fact that between the Securities Exchange Act, Cap. 318 A, the Companies Act of Barbados and the Bye-laws and Rules of the Exchange is that there were a number of inadequacies. There were reflectively no powers to ensure compliance in the current framework. The Securities Exchange Act of Barbados basically went not much further than providing for the establishment of physical space to trade in securities. Not only has the Act been inadequate as it relates to that form of manual trading using an outprice system but it did not speak to the reality of today where shares are traded digitally and where e-commerce is used in the stock markets.

In fact, if we did not make these changes we would be swimming against the tide, or perhaps even swimming out of the ocean, because not only are the individual countries moving towards e-commerce based trading platforms but the world stock market is integrating across borders using these electronic formats.

Additionally, there have been several issues which have arisen with respect to take-overs and mergers, the matter of the quality of prospectuses which are issued for public offerings and the whole phenomenon of insider trading which, as indicated from our social history, continues to be a concern, and in terms of a perception in the mind of potential investors why they would be a little cautious about investing in the Barbadian market.

11.55 a.m.

Additionally, it was identified that there was a need for the Securities Exchange of Barbados to revamp its corporate governance, its organisational structures, from the level of the Board of Directors down to ensure that it fulfilled the mandate which it was given. In fact, the system, in terms of

the way it is developed, has built in a conflict of interest scenario. As a self-regulating organisation, regulating itself, by itself and for itself, you are really asking persons to do more than they should reasonably do.

If you can only trade on the Exchange when you are a member and if then as a member you also have to make rulings for or against yourself or fellow members then immediately there is a conflict of interest. That level of conflict of interest would not be permitted in a Cabinet nor in some other club or committee. Therefore, it is not fair for us to have a system which would ask members of an exchange to subject themselves to that level of conflict.

Rather than taking the route of amending the legislation, we thought that the required changes to the Law were so fundamental as would require the repeal of the Securities Exchange of Barbados Act, Cap. 318A and the introduction of new securities legislation.

One of the fundamental differences between the two is that while the securities legislation speaks to the trade in securities generally and the activity of the players in the market, the Securities Exchange legislation speaks only to the operation of an exchange.

To undertake this activity a number of studies were done. In fact, Sir, we have to express our appreciation for the contribution which a number of persons have made to the development of this legislation which I will discuss shortly. We were able, as I indicated, to put the Securities Exchange of Barbados in a position to be able to access funds from the Inter-American Development Bank in order to be able to pursue this project for strengthening the securities market. This Bill, like all of the other major legislation which we introduced in Barbados, has been based on considerable consultation with a range of experts and with a wide range of partners who will be affected by the legislation. We have to thank and make note of the sterling contribution which was made by persons from near and far.

We have persons in Juris Chambers who were consultants to part of the Bill. We have persons from the United States Securities and Exchange Commission and persons from NASDAQ, the section that deals with international market initiatives. We have persons from the firm of Holland and Knight, a noted legal firm in securities matters who were the consultants for the CARICOM harmonisation of stock exchange projects. We have the consultants who worked as well on the central securities depository and electronic trading. I can go on and on, Sir, but for fear of leaving anyone out I will not call any names in this particular matter.

This Bill which is before us has been the beneficiary of considerable study, consultation and is a Bill which is

designed to advance our efforts at harmonisation of regional exchanges into a CARICOM Stock Market and also for that CARICOM Stock Market to expand also by way of the harmonisation to partners in the Dominican Republic and beyond to ensure that we are able to play our part on the economic life of this entire hemisphere.

The initiatives in the Free Trade Area of the Americas, for example, are not far distant from what we are doing today. Of course, Sir, in making mention of the persons who did extremely good work in the development of this Bill, I would not want to leave out the Government officials, particularly in the Ministry of Finance and Economic Affairs, and the Securities Exchange of Barbados, as well as the private sector entities such as Barclays Bank and Trust and several others.

What does the Bill seek to achieve? This Bill, Sir, makes provision for the establishment of a Securities Commission and for the staff of that Commission. It provides for the financing of its activities, for the continued operation of the Barbados Securities Exchange but renamed as the Barbados Stock Exchange, for the continuation of a Central Securities Depository Inc. which has been established as the e-commerce clearance and settlement facility for trade in shares in Barbados.

It makes provision for the registration and operation of self-regulatory organisations such as the SEB, for the registration of all of the various players in the securities market, the brokers, the dealers. It makes provision for the issue of distributions, that is the issue of shares. It makes provision, most importantly, for the regulation of market conduct. That is the section that deals with the protection of the investing public to ensure that there is propriety observed in the performance of activities within the trade and securities in Barbados and that therefore the interest of the investor is protected.

It makes provision for depository and clearing facilities for civil liability and for enforcement of the provisions of the Bill. Generally, this Bill seeks to draw heavily on our desire to ensure that investors are adequately protected, that there is strong enforcement and regulation of rules in the market and thereby, that we are able to raise consumer confidence in the securities market in Barbados.

One of the principal outcomes of this Bill, therefore, will be for the creation of a new institution. For the first time in Barbados there will be a securities exchange commission. This Securities and Exchange Commission created as a new entity under law will become the watchdog of the Barbados securities market. Its duties will therefore involve the surveillance of the market, the imposition of penalties for malfeasance on the part of participants and practitioners within the market.

The Securities and Exchange Commission will interact with other entities in the financial market, particularly entities such as the Central Bank. The Securities and Exchange Commission will also have the capacity to cooperate with other Governments and international financial entities as Barbados discharges its obligation and as we expect other countries to fight against international crime and the breaches of law related to the trade in securities.

The Securities and Exchange Commission will have as well stringent provisions and requirements with respect to the conduct of commissioners, particularly in matters relating to arbitration and, of course, the Commission will be able to appoint a general manager and staff and to do things as a body corporate.

Sir, this is a new and very fundamental structure as one of the planks of the development of a securities market of Barbados, a new securities exchange commission, fully separate, fully distinct, fully supervisory of other entities in the securities market. The Securities Exchange of Barbados will not anymore therefore be asked to provide any supervisory or regulatory roles for the wider securities market.

12.05 p.m.

They will, however, as a self-regulating organisation continue to impose such discipline amongst their members as would ensure their conformity to the Securities Act as well as the general good practice and good principles which would be reflected in the rules of the Securities Exchange. I anticipate that when the Securities Exchange of Barbados is renamed the Stock Exchange of Barbados under this legislation that it will provide the opportunity for that body to focus more closely on its core activity and that it will seek to increase the volume of trading in the Exchange. It will seek to offer new products and services and it will seek to provide new opportunities for trade and securities and mobilisation of these savings in the economy.

For example, there is left to be developed the matter of over-the-counter trade and other aspects of the financial system which have not yet been developed in Barbados. We trust that the freeing up of the responsibility for regulatory oversight and putting it where it properly belongs will be achieved.

In cases where the members of the Securities Exchange of Barbados breach regulations, the body which will ensure that they are brought in line will not be the Securities Exchange of Barbados itself. It will no longer be asked to make judgement on itself and on its members but a third party, a body of Commissioners, of the highest and most sound reputation, will be the body which will decide on their fate.

As I have said, we are making provision for a name change for the Exchange. The Stock Exchange of Barbados will inherit all the assets, liabilities and the continued operations of what, under the present legislation, is the Securities Exchange of Barbados. It will have no impact on the operations in terms of any negativity.

Also the Central Securities Depository which has already been established and which I have the pleasure of participating in its launch last year, will continue under this new arrangement. This, however, will not be under the supervision of the Securities Exchange of Barbados but will be under the oversight of the Securities and Exchange Commission.

Sir, perhaps I should speak a little bit more about the Central Securities Depository. This, as I indicated was developed as the e-commerce trading platform for trading in shares in Barbados. Previously, the requirement for trading in shares by law and by practice was by the cumbersome procedure of the preparation of share certificates. For example, if you bought 1 000 shares in Barbados Shipping and Trading, you got your share certificate and so on and so forth. However, with institutional investors in the market, for example, Mutual Funds who will be buying and selling on a regular basis, with the reality of the need for stock exchanges like other businesses to ensure that there is effective and efficient operation, speed of transactions, ease of transaction and a reduction in transaction cost, it has become necessary for us to move the route of electronic clearance.

Sir, the fundamental reality is how can we conceive of dealing in a modern year having available to us the tools of technology and not utilise them for a matter such as the trade in securities. The legislation which exists now, and which we will repeal, does not make provision for us to do that. Rather, this Securities Act makes provisions for electronic trading in securities and for the elimination of the need for share certificates.

The Central Securities Depository, therefore, functions in that regard. It provides for that automatic settlement and essentially, when you own shares and you make the option of having them pass through the Central Securities Depository, what you will get would be a statement equivalent to your bank statement which would indicate your various holdings in various shares and securities.

Sir, that is also very fundamental from another direction. From time to time, shares and other forms of securities which are essentially property and can be used by their beneficial owners as collateral being pledged out to banks, mortgage companies and other individuals as collateral for loans and other forms of financing, it becomes easier to manage that process of pledging through the

Central Securities Depository arrangement. In fact, the matter of ease is perhaps now the most important phenomenon here and it becomes less possible an innocent purchaser of shares to find himself inadvertently purchasing shares that have already been pledged out as collateral or security to a financial institution.

What we perhaps need to do is to go the next step because this provision applies only to publicly traded companies and publicly traded shares, but the problem also exists in private companies and transactions with shares where if someone wanted to buy shares being sold in a private company, not one trading publicly, there is no central location or registry which he can query concerning whether or not these shares have been pledged. My good colleague, the Honourable Member for St. Michael North East would say that they have been hypothecated. This is a matter which we will subsequently have to address. Certainly with respect to publicly traded shares, the provision of the Central Securities Depository ensures that when you trade in shares through the Barbados Stock Exchange that you are able to get good, clear title. It also makes it very efficient and easy for you, as an owner of shares, to pledge those and use them as collateral in any financial arrangement to do so.

However, I should say to those owners of shares who would be impacted by the Central Securities Depository that there is obviously a transition process of transferring out from the share certificates to the electronic system as recorded in the Central Securities Depository and that during the process of time, as we convert from one system to another, we would want you to bear with us in that regard.

Mr. Deputy Speaker, other provisions of the legislation which I would want to speak to which are fundamental departures from the existing legislation and which, as I have said, speak to strengthening the confidence which persons can place in the independence of the market relate to self-regulatory organisations.

You will notice that this Securities Bill does not purport to give the Securities Exchange of Barbados a monopoly on trading or to be the only self-regulatory organisation in Barbados, but it makes general provisions for that entity to be registered or several others to be registered. The two entities I have mentioned so far, the Securities Exchange of Barbados and the Central Securities Depository will, in fact, function as self-regulatory organisations.

This Securities Act, therefore, makes provisions for guidelines with respect to the characteristics of self-regulatory organisations, how applications are processed, the process for the granting or refusal of registration for certain

rules which must form part of the rules of those self-regulatory organisations and procedures which are to be used to amend the rules.

Sir, it also speaks to the matter of the listing of securities, of appointment of auditors, inspection of records and handling disputes between member companies.

Sir, in terms of investor protection, what are some of these features which we have put in this legislation to protect the investor? First of all we believe that in our securities market needs, like other mature markets need for the benefit of the investing public, to have a system of identification of persons who work in the securities industry by way of the process of registration.
12.15 p.m.

There is therefore a process of registration for brokers, investment advisors, dealers in securities, traders in securities, underwriters of securities and for securities companies. All of these are persons or companies who perform varying roles within the securities market who are now required to be registered with the Securities and Exchange Commission as the regulatory oversight body and not the previous arrangement.

The other important aspect of investor protection relates to how the market must conduct itself. In every sphere of activity, there are some activities which are clearly not in the best interest of the wider public. This is why the legislation seeks to protect the public good. It makes provisions for the regulation of the market conduct. For example, among the offences are market rigging transactions. We hear from time to time on the News how the trade in securities can be manipulated in order to make it appear that the security is being actively traded as an inducement for investors to buy. Market rigging activities are, therefore, not permitted in the legislation. In fact, there are penalties which are attached to the detection of these particular provisions which I will discuss.

Sir, one of the fundamental responsibilities of the Securities and Exchange Commission would be to ensure the flow of information. As you know, information is the life blood of a well functioning securities market. Sir, that information is not used as an inducement to purchase shares or do otherwise but where persons can deliberately disseminate information which is false and which is deliberately intended to make the price of a security rise or fall. Sir, that has been specifically identified as one of the activities which is against the public interest and the interest of the investing community. Therefore, the inducement to purchase or sell securities by the dissemination of false information is one of the offences.

Additionally, any other deceptive devices which can lead to fraud in the marketplace are also outlawed. There is a burden of responsibility placed on advisors in the securities market to ensure that where recommendations are made, that the recommendations must be in the best interest of the consumer. There are always allegations about smooth talking, fast talking and high pressure selling tactics which are used in various financial markets whether it is in insurance, the trading of securities or other financial markets in order to induce persons to buy when they would not otherwise have bought.

Therefore, selling a product to a consumer that does not suit his investment needs, is certainly one that has been identified as an offence. The burden is placed on the broker, trader, dealer or other investment advisor to ensure that they take full account of the investment needs of the consumer in order to avoid falling foul of this particular recommendation.

Sir, there is also the problem in other Exchanges where brokers and dealers trade more frequently to generate commissions than would be really in the interest of the consumer. There is no benefit in it for the consumer or investor but his agent trades in order to boost his commissions. Therefore, that is one of the offences we are seeking to stamp out.

There is also a clear "standards of conduct" for persons working in the securities industry. There is a specific and clear requirement for disclosure of interest by persons working in the securities market. This strikes at the conflict of interest concern which tends to prevail Barbadian society and also financial markets. You want to be sure and you want to know if someone who is advising you to buy or sell security has a specific financial interest in it. This oversight legislation provides for the protection of the general investing public by demanding that those matters are taken care of.

Provision is made for trust accounts to be established by brokers and other persons to make sure that money which they handle on behalf of the investing public, can only be handled in a certain way and that it can only be used for the purpose that it is intended. The trust nature of the accounts which are to be established are there to ensure that. There are also provisions for information on any activity on behalf of a consumer to be notified to that consumer and a range of other activities.

One of the important aspects which is new to this legislation by way of the protection of the investing public, the consumer, is that there is to be an established contingency fund. This fund is there to provide for compensation in the event that through no fault of the investor, through no fault of the broker in terms of deliberate and wilful activity but through a series of mishaps, that the investor ends up losing a particular trade. For

example, in the central commercial depository there could be the matter of the incorrect entering of a transaction and other circumstances which may arise. What we are doing is guaranteeing that by law these entities have to create funds, have to create savings in sufficient size as would allow them to be able to compensate the investor for those particular problems. Sir, that is important and strikes again at the heart of building the confidence of the average consumer into the operations of the particular legislation.

Sir, legislation without teeth is of little avail. It does not help the situation much. Therefore, this legislation makes provision for a number of issues to help in compliance. It makes provision for civil action as well as criminal action. The ability of persons to be levied to criminal action in building heavy fines and/or imprisonment and/or civil action we hope will help to reduce those persons who act in positions of trust in the securities market in Barbados to remain on the right side of propriety.

Sir, final trading is one of the major concerns which one has in discussion on trading in securities. There is always concern that persons who have privileged positions and are, therefore, able to obtain information which would not be available to the wider mass of investors, would use that information for the financial gain of themselves, family or some other acting on their behalf.

12.25 p.m.

The legislation contemplates that and the legislation specifically outlaws such activity. When accused of insider trading, it is not enough to say, "well I did not do it myself." They cannot be innocent if information is passed with an intention to gain benefit for their immediate relatives and friends, *et cetera*.

Sir, whether it is price sensitive information, whether it is in the way of other information which has a material impact on the value of the shares, the using of information to disadvantage some members of the investing public or to illegally put your close relatives and friends at a great advantage is against this particular legislation.

There are also amendments which are required and which will be made to other legislation. The Securities Bill and the Companies Act work hand in hand. There are amendments which are already in draft for the Companies Act in order to ensure that the changes required are in keeping with the direction of this legislation which we are proposing to pass today or at some time in the not-too-distant future.

Those matters relate primarily to the take-over bids, filing of returns and prospectuses. In fact, this Securities Bill speaks in great detail to the level of detail which must

be enclosed in a prospectus when persons are purporting to provide information to induce the public to buy a new issue of securities. Sir, I am sure other persons will speak in some detail about those matters.

Much of the working of this Securities Bill will come by way of regulations and the Bill therefore makes provision for detailed regulation to be made regarding market conduct and a range of activity. This is very much in keeping with the way Securities Markets function around the world. The Securities Exchange and the Exchange Commission of the United States, for example, are constantly making new regulations to deal with a range of activities to give guidance to the market without having to go back and change the principal Act. Similarly, in Barbados provision is made in Part II for the Minister to make regulations.

Sir, what is interesting with this legislation is that it makes provision for the Commission to advise the Minister on making regulations. This is not unusual but what is a very positive feature is that the legislation makes provision for the Commission to give public notice of their intention to recommend certain regulations, to have public discussion and consultation in terms of the direction in which those regulations and rules will go and after that, to make recommendation to the Minister for those regulations and rules to be made. This provides for a level of openness, transparency and participation that have never been seen before in matters of this nature.

This will therefore represent a very fundamental departure from the previous scenarios. It provides an opportunity for the real democratisation of the corporate community in Barbados.

However, we recognise that this Bill was a very important and fundamental necessity but it will not in and of itself achieve all that needs to be done. There is still the need for serious public education. There is still the need to increase market size by way, as I said earlier, of the harmonisation project and inducing other persons to go on the market with issues of securities. There is still the need to change the orientation of the investing public as far as their perception of risks is concerned and there is still the need to ensure that we engender public confidence in the system which we have.

Sir, I am making comments on one or two of those factors which are critical to long-term success. In terms of the perception of risks, it is my assessment that too many Barbadians are risk averse. Barbadians are persons who want to be safe. They want to check everything once, twice and three times. They want to deliberate, they want to concentrate and they want to think things through. Those virtues have their merit. However, there is a need for us to engender in the wider Barbadian community, the recognition of the need to

have a portfolio approach to their investment activities and to have a range of investments.

You have some which are very safe, guaranteed, sure to win and obviously, as you will learn in the first year accounting or finance, the rate of return tends to be lower on our safe investments. But then in order for you to be able to adequately earn, you need to extend your risk horizons. You need to find that balance between your need for earning, whether it is in the long-term or short-term, and your ability to put some of your investments into what are perceived to be more risky endeavours. Sir, that is all part of investor psychology. The numbers alone will not convince persons to go in one direction or the other and it is perhaps one aspect of the training of our children where, over many years, we have been so insistent on conformity, on rigidity, on repeating what has been done from time immemorial that we have not been as successful as we should have been in creating a generation of individuals who are much more willing to take some risks and are willing to involve themselves in issues such as trade and securities, not only in Barbados but taking interest in securities offshore.
12.35 p.m.

This is all part of the public education and I am pleased to note that the Securities and Exchange Commission will undertake major educational activity. I am sure that the Stock Exchange of Barbados and other players in the market will participate as well but a major educational programme to keep the business of trade in securities, the use of this investment mechanism and related matters in the minds of our young people would, I am sure, yield some results.

Mr. Deputy Speaker, I am satisfied that this legislation will contribute positively to the development of the securities market in Barbados. I am satisfied that this legislation will contribute positively to the social and economic empowerment of Barbadians by providing greater opportunities for them to invest but more particularly by providing greater security, greater certainty and greater assurance that the operations of the market in which they deal will be fair and transparent and that the interest of small investors, the interest of minority shareholders and the interest of those persons who may tend not to be at the top of the heap in terms of access to information are protected because those are fundamental to the confidence which we need to build this market.

So, I commend this legislation to the Honourable the House of Assembly with the indication as I mentioned earlier that much of the workings of this legislation will come subsequently through the making of rules and regulations, through the bye-laws of the Securities Exchange and the Exchange Commission and through the improvements of the bye-laws of the Stock Exchange of Barbados and other similar instruments.

So I commend this to the Honourable the House of Assembly and beg to move that this Securities Bill, 2001 be read a second time.

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

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, in rising to speak on this Bill, I want to say from the outset that one would have thought that the objective of this particular Bill was to increase the capacity for the masses in the country to buy shares.

The Minister, while speaking, made one very important point which I thought he would have gone on to expand. By linking the Companies Act and this Bill together and making the point that the two must work hand in hand, I thought he would have gone on to say that in order to get the masses of Barbados involved in buying shares that the offer must be attractive enough to encourage people to buy shares.

One must recognise, Mr. Deputy Speaker, that the masses of Barbados are not like the other grouping who have a lot of money which they can afford to tie up on a long-term basis and they expect that whenever they invest that their investment must be seen, in what we would call in the accounting world, in the current period but what we are recognising here ...

Asides.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, one must recognise that, and this is an example I have always used in this Parliament, a man who has \$5 000 or \$10 000 in the bank, if we want to attract him to move that investment away from the banking system where he can have easy access to that money into buying shares, surely any amendment must recognise that the person would have that \$5 000 or \$10 000 in the banking system because at the end of the year that person expects to get back a return from the bank in terms of interest and that money will easily be used as disposable income but when one buys shares there is no guarantee that you would get that return.

What is amazing about this Parliament is that we tend to believe that because something is not being done elsewhere that we cannot do it. One would have thought that in the age of globalisation that a Parliament like this would have recognised that we cannot continue any longer to wait on decisions from other countries but we must have the foresight to make the necessary amendments and that we should, even though we are small, consider ourselves as trendsetters and make the necessary amendments that will impact on the majority of the people within the country to encourage them to buy into the share market in the country.

The only way you can get that is when the shareholders or the perspective shareholders believe that when a company makes money that there is some provision in the amendment that they can be guaranteed a return on their investment. What we are having in this Parliament, because the Government is more interested in the credit squeeze aspect of it, is that they have been able to make some amendments and they have failed to change the Companies Act and to recognise that there is a relationship between the Securities Act and the Companies Act and that they are now using this amendment as a way to create a credit squeeze while at the same time giving the small man the impression that they are creating a climate for that person to invest and to have a stake in Barbados.

Asides.

Mr. D. St. E. KELLMAN: I am hearing a lot of cheese. I will educate them because it is quite obvious that this type of analysis is a bit too high for the Honourable Members on the Other Side so I am going to explain it to them. I understand that they do not know so it is my job now to play the role of a teacher, even though I do not like doing it.

You are having a scenario now where a man has \$10 000 and he has it on the Barbados National Bank down Broad Street but the Government is now saying to that man not to keep his money on the Barbados National Bank down Broad Street because they want him to buy shares in a company in Barbados. The company in Barbados now takes that money and there is no guarantee, Mr. Deputy Speaker, even though that company is making money that that company will pay a dividend. Do you see the scenario, Sir? This means that previously when that man wanted a piece of change he could easily walk down Broad Street and go to the Barbados National Bank and draw off some money but when he buys shares he cannot go to the gentleman that he has bought into his company and say that he wants a piece of money. What he can do is try to sell the shares on the market.

Do you know what is amazing, Sir? Previously, the man had an opportunity to go and draw the interest generated from his investment but he cannot go and tell the directors of the company that he wants his dividends even though his money would have incurred dividends because there would have been profitability in the particular company.

What is happening is that Government is able through these investments to make a shift from the banking system into the capital market because they know full well that when the money is shifted from the banking system into the capital market that there is less money on the market to be spent on consumer durables. There is no one on the Other Side, not even the Prime Minister, who can fault that argument.

I would say, Sir, that this is clever planning by the Government because they understand what they are preparing themselves for down the road but the Democratic Labour Party would never think that way. We would recognise that the capital market is important for Barbados and we would recognise that at some time the man with the \$10 000 down Broad Street would need to get a dividend and that dividend must be paid because he is depending on that money to pay his current expenditure. So we would make the necessary amendment because one thing about the Companies Act is that it tells you when not to pay a dividend.

12.45 p.m.

I have spoken in this House about five times on this particular issue, but yet still the brilliant Government, even though it is going through globalisation, has not recognized that if there was one thing to move into this amendment is to tell the Directors when they should pay a dividend. I have always argued that you cannot tell a man when he should not pay a dividend only, but you should tell him when he should pay a dividend.

Sir, what can also happen in this country is that the small man with the \$10,000, because he does not have the clout, can have a scenario, Sir, where a company when it is in need of money can come to the market and ask the masses of the country to buy shares. When the shares are purchased, there is no law or directive for the directors to pay a dividend. What can happen is that as soon as the company has the amount of money it wants and it has the profitability, it can frustrate its shareholders by not paying dividends. There is no law to stop the Directors from doing that.

Sir, if we are really serious about the masses buying into the capital market of Barbados, we must create that incentive to encourage them to buy into the market. Tax breaks should not be the only incentive. There must be a general encouragement so that a man who feels that he has his money in the Barbados National Bank, Broad Street, will feel that when he buys shares, it is just like if he had his money in the bank whereas in the banking system he would depend on the interest. In the capital market, he would depend on the dividend.

Sir, as I said, the rich can afford to buy the shares for the simple reason that if dividends are not paid, they know that the value of their shares will increase. Also, because of their cash flow and the fact that they are not depending on those yearly returns, they can wait to use the growth of their shares to expand their capital growth. The masses cannot afford to do that. They are dependent on the dividends on a yearly basis because what they are doing is matching what they would have gained if they had their money in the bank because they would have been guaranteed interest on it on a yearly basis.

Sir, I am saying that if we are to come to Parliament and behave as if we are doing something to attract the masses, I have not seen anything in this amendment that would encourage anybody to go and ask the masses of Barbados to buy shares in this country. I am saying, Sir, that, if this Parliament was enlightened enough to understand what I speak of, we would not only see people within Barbados buying shares in Barbados, but there is a great possibility that people within the Caribbean and outside of the Caribbean would want to buy shares in Barbados.

Sir, this reminds me very much of a couple of years ago when we were dealing with the returning nationals, when I asked the Government to recognize that there is another way of having capital come into Barbados. It is not only by allowing people to purchase the sea land, *et cetera*, but it is a real fear where we have a large number of Barbadians living overseas and we need to encourage them not to leave their savings overseas but to encourage them to bring back their savings by offering a 2 per cent interest higher than what they are getting. It was very difficult for the Government to understand this and it does not surprise me.

I have a strange belief, Sir, that the Minister of Finance understands quite well what I speak of, but his difficulty is to convince his Cabinet of the quality of the particular proposal because the Minister of Finance also has to understand that he is the Minister of Finance and he has to operate in the interest of Barbados. When he gets good advice like paying 2 per cent on savings for people coming into Barbados, an initiative like that is very important. We do not have to give away our valuable land to encourage people to invest in Barbados. What we are doing, Sir, is that we are asking our own people to bring their savings that they would have accumulated overseas back to Barbados and we would not have to pay a major cost for that capital.

Sir, one would have thought that after the Minister spent nearly two hours trying to explain what has not been explained, that the Minister would have recognized that we need to do things that would make our capital market the gem of the Caribbean. As it stands today, Sir, we will always rank behind Trinidad and Jamaica because we are not doing anything that is different from them. We must take the lead and we must show that we are the leaders within the Caribbean. We must also continue to make sure that we make the necessary amendments that will change the whole capital market within the Caribbean and even the world.

Sir, to give the impression that you are coming to make these minor adjustments and behave as though they are miniature, is a slur to me, that all you could be doing is creating a credit squeeze without necessarily calling it a credit squeeze. You know the Government is very clever of creating credit squeezes.

Aside.

Mr. D. St. E. KELLMAN: That is one thing about the Minister of Tourism. He always puts his foot in his mouth.

Aside.

Mr. D. St. E. KELLMAN: Sir, I will have to consult with Obadele. You do not worry. He will advise me right when it relates to matters pertaining to you. He knows how to invest away from you.

Mr. Deputy Speaker, I am saying that the capital market of Barbados is significantly different than the one we now are trying to copy and it is no doubt that Barbados is trying to catch up with Trinidad, but we must understand that the capital market in Barbados can be developed in quite a unique way. Most capital markets in the world are markets that are designed for those who have a lot of money. Yes, that is a fact.

It is one thing to try to educate a man who cannot be educated. We need to deal with a situation where we can get 100 per cent of our people on board. Sir, right now as it stands we are quite happy to deal with a capital market that relates only to the 5 per cent or the 10 cent or 20 per cent, but I am saying that if the initiative I have just explained to this House is taken on board, you will find every single person in Barbados will want to have the right to buy shares.

Sir, let me say this. Unlike the banking system and the Honourable Member for St. Michael South should listen to this...

Aside.

Mr. D. St. E. KELLMAN: Now you will always believe that I am saying "souse". This is a point which the Honourable Member should listen to. It is that with the capital market you can gain two ways. You can gain in terms of getting a dividend. At the same time, Sir, your capital base can increase. If anyone wants to understand what I speak of, and the Honourable Member for St. Michael South would do good to listen, one only has to understand what is now happening at the Barbados Mutual. That is a good example of how the capital market can work for you. In other words, you buy shares and they grow in terms of the capital aspects of them. On the revenue side, you still stand the opportunity to gain. Because of the present system, Sir, you can have a situation where only the capital side grows but the revenue side does not. Until we make that amendment...

Aside.

Mr. D. St. E. KELLMAN: No, no, you missed the point. I said that as it stands now that the capital side grows but not the revenue side because of the powers of the directors. No, I know that it would take you a little time to understand but you will understand. The problem with you is that even though you are a city boy you are still hooked up to the wrong connection. It is about time you unhook yourself.

12.55 p.m.

Mr. Deputy Speaker, we have a scenario where the directors in Barbados play a very important role and it is not in the interest of the shareholders but in the interest of the people who have appointed them as directors. I know of a gentleman who bought shares in a particular company which I will not name, a company that I have always lambasted in this Parliament. The company refused to pay dividends to the shareholder and that company frustrated the shareholder to such an extent that it forced the shareholder to sell his shares back to the company. That is exactly what you can get once you do not make that amendment.

What will happen, Sir, is that they would know that you can be cash-starved because you are depending upon the dividends on a yearly basis and they frustrate you by not paying a dividend and they know even though the value of your shares is increasing that you still need that current revenue to deal with your current expenditure. If we have the necessary amendment that I am asking for, it will not be up to the Directors to dictate when a dividend can be paid because the same way you tell the Directors when they cannot pay a dividend, you will give them stipulations. For example, a company could make \$100 million and the directors could come to the shareholders and tell them that they plan to build another branch or acquire another property so that they need the money to do these things. What can you do, Sir? There is nothing that the shareholders can do.

When you consider that in Barbados it is hard sometimes to tell whether a company is private or public, because most public companies in Barbados behave as though they are private and most of the directors still behave as though they are operating in the interest of the original owners, what we need is a new enlightened government to bring the necessary amendments to make that impact on the people of Barbados.

The capital market of Barbados will not grow the way we want it until we make those amendments because Barbadians, as you know, Sir, will not get involved in things when they know that their future is at the discretion of other people. We come to Parliament and we brag about how we are making these amendments and how tomorrow when we make these amendments everybody in Barbados will be buying shares. That is the impression that is

supposed to be created in this Parliament. The truth is that you can create that impression but it is my job to educate the people of Barbados that until you make that amendment, I think we will have to take it a step further also. We would have to let the people know that the Government of Barbados was more interested in a credit squeeze than in their getting back returns on their investment.

I have seen nothing in this amendment that tells me that this is about people getting returns on their investments. Every time I look at this investment, I can see a big credit squeeze in front of my face. The problem is that the Honourable Member for St. Philip South...

Aside.

Mr. D. St. E. KELLMAN: You know, you are becoming a nuisance in this Parliament.

Mr. DEPUTY SPEAKER: Please address the Chair.

Mr. D. St. E. KELLMAN: There is a difference between "souse" and "south". I only want you to know that. The problem is that there are certain people who cannot take part in this debate because the level is a bit too high for them and they feel that they must use tactics to take it down. I understand quite well.

Mr. DEPUTY SPEAKER: Honourable Member, could you please address the Chair?

Mr. D. St. E. KELLMAN: Of course, I do not speak of you, Sir. I know you are quite educated and well versed in matters like these because we have always discussed the possibility of shares, *et cetera*, but the Honourable Member would not understand that.

Mr. DEPUTY SPEAKER: Let us proceed.

Mr. D. St. E. KELLMAN: Sir, I am saying that at the end of the day when the Government decides what they are going to do and what achievements should come out of this particular amendment, then they must ask themselves if this amendment is done the way it is proposed to be done what would we achieve from this. I can see the Minister of Finance telling his comrades that every time that somebody buys shares that he has been able to take X amount of money from the masses of people in Barbados being able to go to the bank and withdraw and has now been able to lodge it into the capital side and they cannot get it as easily as they would have been able to do previously.

Not only the capital aspect of the investment, but he would also be able to say that if the directors continue to behave as they behave now that even the dividends that one

would normally expect will also be capitalised but if they keep their money in the bank they can easily go and get the interest and they can easily get their investment.

When I make the charge that the movement from savings to shares is a smart way of creating a credit squeeze, it is not an empty charge. It is a charge well grounded in facts but people would not want to see it if you are sitting on the Other Side because the truth is that I do not think that any of them, except the Right Honourable Member for St. Peter, understood the move. That is why Honourable Members were a bit surprised to hear the charge coming from this Side this morning. That is the problem with the Right Honourable Member for St. Peter. He has to carry too much weight in debates like these even though he throws up someone to lead the debate. At the end of the debate, after the hour and a half or more, one cannot really understand the true content of the delivery for the simple reason the sweet talk did not deliver the goods to convince me to buy shares.

It gave me an opportunity to deal with a speech that should have been made. I had to think about what he should have said and deal with that because I could not spend time dealing with what was said. It was short in coming and short in delivery.

I am saying that the Minister of Finance, the Right Honourable Member for St. Peter, cannot stay in his office and not get involved in this important debate but he must come and get involved in this debate because from his Side there is nothing to debate. You can only assume that there is supposed to be something in this debate and speak to that but not to what was said. Thank you very much, Mr. Deputy Speaker.

SUSPENSION

Hon. D. A. C. SIMMONS: I beg to move that this Sitting be suspended until 2.15 p.m. today.

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

The question that the Sitting be suspended until 2.15 p.m. in the afternoon was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER suspended the Sitting accordingly.
1.05 p.m.

RESUMPTION

Mr. DEPUTY SPEAKER: This Honourable House is now resumed.

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, it is a privilege to be able to participate in the debate before this Honourable Chamber. I do so because the modern

development in Barbados has been characterised by certain broad movements which have sought to bring a level of equity and fairness to the lives of those of us proud to call ourselves Barbadians.

The first wave, as we all know in the 20th Century coming on the heels of almost 100 years of oppressive conditions remaining even after the Emancipation Act was passed in 1834, saw to it that the political and social rights of the average person in this country were taken care of, and to include them in the process of governance. The process was a gradual process seeing the reduction of the property qualifications leading to a consequential increase in those who could participate in having a say as to who could govern this country.

It was always understood that even when the process of political and social enfranchisement was completed, that there really could be no sustainable improvement of the quality of life for the average Barbadian without the process of the economy enfranchisement being completed. In a very real sense, the average person would have benefitted by reason of the fact of using their political rights to vote a Government that was prepared to enact programmes and policies more consistent with their views for self-improvement. While that was the case, the sustainability of that improvement in living standards can only come when you as an individual has the economic and financial capacity to provide it for yourself.

In those circumstances, Governments in the post Independence movement have been concerned how to build the framework to allow for the full economy enfranchisement of the citizens of this country while at the same time recognising that it can only take place in the context of a strong stable economy that has the capacity to provide for those rights as well as continue to preserve the social justice precepts that both political parties held dearly to since their formation.

In those circumstances, Sir, we have been fortunate in this country to have seen large-scale development in the quality of life of the average individual as well as the diversification of the economy particularly since the early Independence years. We are ever cognisant that our capacity to maintain that quality of life is dependent not on maintaining the status quo in respect of the structure of the economy but seeking to restructure and reposition our economy to meet the new needs of the global economic environment as well as the regional and hemispheric environment in particular, within which these economies must flourish.

Equally, Sir, we are cognisant that the shift in attitudes towards the reduction in overseas developmental assistance

particularly through multilateral aid as well as access to funding through international financial institutions for developmental purposes for developing countries is a thing that is becoming more and more infrequent in terms of our ability to access it and in those circumstances we face a double dilemma both at the macro level as well as at the micro level.

The Prime Minister of this country has in the last two years focussed the attention of the public on the fact that Governments in the future will have more and more to resort to capital markets to finance the development of activities to help build national capacity in Barbados. Indeed, the World Bank has graduated us but we are still fighting numerous threats about the possibility of the Inter-American Development Bank. Fortunately for us, in circumstances where we have had such excellent grading in respect of our investments, we have been able successfully to raise funds on the capital markets internationally to help finance this Government's public sector investment programme.

Mr. Deputy Speaker, at the micro level, we have also been hearing Government echo the sentiment that unless there is a repositioning and restructuring of our productive sectors to build capacity, we will be unable to sustain the level of economic growth which to date has been such that we are now in our ninth year of economic growth and that we must do so in circumstances of a completely changed economic environment and trading arena.

Sir, the Government of Barbados has been committed to putting in place the precepts for the functioning of a new economy that speaks to those broader developmental perspectives at a macro level as well as the micro level in terms of the productive entities' capacity to build themselves as well as the philosophical action that has motivated us to want to be able to broaden the basis of ownership such that individual citizens will not have to rely on the goodwill and good philosophy of a Government to continue to keep them in a standard to which they are now becoming accustomed but that they should be able to do so on their own merit and by reason of their own financial and economic circumstances.

Sir, those are the broad percepts and those broad percepts have interwoven in between them certain activities that have caused us to be in a position where we need to change how we do business. The concept of an establishment of a Single Market and Economy to reposition the economies in the region was a decision taken in 1989 by the CARICOM Heads of Government but which has really only seen life being given to it in the last five years. Those circumstances, especially in the context of the framework of Protocol II, will require us to be able to accommodate movement of capital as one of the vehicles by which productive entities can have access to expanding the enterprises to meet these new times.

Sir, there is no doubt in our mind that we have virtually gone as far as we can in terms of building the basic foundation blocks for the new economy without serious reform of our capital markets. Both Government and the private sector need access to that capital to be able to complete the project of enhancing their competitiveness and building greater capacity to ensure that sustainable economic growth.

Mr. Deputy Speaker, I believe that there is not one of us in here who can realistically expect that the kind of development we still must pursue and finance can come totally from within the ambit of the 250 000 people living in this country and the legal entities pursuing business practices. This recognition leads us to the fact that there must be ready access to capital if we are going to finance that expansion in productive capacity at both the national and the private level.

Equally, Mr. Deputy Speaker, the Prime Minister in the Budget Speech in 1996 spoke at length of the need for us to build our domestic savings rate to help finance a lot of the development in this country. Once you make that commitment, and we have been seeing evidence of its growth in the last few years, there is a commitment on the part of the Government to ensure that there is a range of vehicles and opportunities in place for those savings to be able to find a proper return on their investments. In those circumstances, Sir, we also believe that a reform of our capital market system would assist in that regard.

Sir, the history of the development of the Stock Exchange of Barbados is an interesting one. The Barbados Labour Party Government in 1982 recognised that this would have been an essential ingredient to the economic development of this country.
2.25 p.m.

In 1982, the legislation was passed but with a very limited remit to provide a physical location for basic trading and for opportunities for access to capital on the part of the private sector entities. There was no listing, indeed, of Government Paper or trading of Government Paper in that respect. It is significant that in spite of the fact that legislation was passed in 1982, it never got off the ground until 1987. Since, 1987 it has been in operation and there has been a lacklustre performance in respect of its performance in the context of our economy.

There were not many companies seeking the lists to make shares available to the public. I believe that all of us in here would have liked to have seen, and we must examine the reasons that have presented the challenges for the growth of the Securities Exchange of Barbados now under this

legislation to be renamed the Barbados Stock Exchange. We must seek to examine the challenges that face us ahead in respect of the passage of this legislation and the actions that will flow from it in respect of the further development of our capital markets.

There has been general agreement, Sir, throughout the region that the necessity for harmonisation between certain key Stock Exchanges, in particular the English speaking Caribbean, although the original intention was to include the Dominican Republic, but certainly as the core, Barbados, Trinidad and Tobago and Jamaica, to a lesser extent the Bahamas, would be able to allow for cross-border trading so that regional companies would have access to levels of financing that they would not otherwise have access to in the absence of that cross-border trading.

It is recognised that for many of them, their ability to become more competitive and to face the liberalised environment within which they are functioning now, requires that level of restructuring and access to capital.

In our market we started with the disadvantage of size and the fact of our historical development in terms of our corporate sector. We cannot avoid recognising it. We have been the product of plantation society and a plantation economy and it is inevitable that this perspective which relied excessively on protection and monopolistic practices, should now be in a position to make that transition would be an impossible expectation.

Indeed, you are characterised by those things which historical bias, in a very real sense, has made you become. As a result, a large part of the Barbados' corporate sector, Sir, has been controlled by a limited number of families who have been reluctant to dilute the ownership of those companies by listing the companies and giving the general public access to ownership of those entities. It is to the credit of the few like Goddards Enterprises that they have done so.

One of the things we must grapple with is whether, in truth and in fact, the historical bias that has caused this commitment of keeping family ownership in place is one that can be removed over time, particularly given the fact that those levels of protection which they needed, or access to monopolistic rights which they have benefitted from, can no longer be part and parcel of a new economy.

This Government has passed legislation to the establishment of the Fair Trading Commission and it has done so because it believes that it will have by reason of the size of this market to create a virtual market in which transparency and fairness become the order of the day. In the circumstances, we have, therefore, to examine whether the corporate sector, who has remained outside of the ambit of the Stock Exchange of Barbados, has done so not also fearing that the dilution of ownership and, indeed, the

dilution of control of their companies will hamper them but also not recognising that without access to capital and the ability to restructure and retool, whether they would be able to survive in a new liberalised environment.

Equally, Sir, one must not be unaware of the fact that even under the old legislation, the requirements for entry to be listed are stringent and in many instances companies even though they are doing well, felt that they were unable to meet those requirements. That would have led in the past to the establishment of an unlisted securities market where the smaller and medium-sized companies would have had an opportunity to being able to raise capital. Even so, the experience of that has not been, I believe, anticipated when that secondary market would have been established.

One of the things we must continue to remember is that the level and structure of corporate governance in companies have been such that practices that would otherwise have been recognised by the law and proper theories of corporate governance to be acceptable, have not necessarily taken hold in a lot of the companies in the Barbadian private sector. Therefore, in many instances there is confusion between the interest of the shareholder as opposed to the interest of the directors, there is a weakness in terms of the disclosure of information, there is a weakness in terms of timely information to show a material change in its ownership patterns or in its practices. In those circumstances, many have hidden behind those facts as an excuse not to broaden the ownership in respect of being willing to go public.

Sir, we have to ask ourselves whether we can continue to rely on a private sector driven services economy without ensuring that those challenges and those concerns which fall within the bosom of the private sector can be addressed and be addressed adequately, because we cannot continue to protect businesses within the local private sector who would have been the beneficiary of such protection for decades and in some instances centuries, while at the same time committing ourselves regionally, hemispherically and globally to a liberalised trading environment where other persons' goods and services can come in at much cheaper prices.

One of the challenges we will continue to face in terms of increasing the number of companies who are prepared to list will also be the fact that fiscal policies that we have practised will see to it that in a very real sense debt finance is cheaper than equity finance. There is no tax paid on interest which accrues from the debt finance but, at the same time, on dividends there is the withholding tax of 12½ per cent which is payable. In many instances that, coupled with the fact of the ready access to debt finance from a very willing and open commercial banking sector to a limited range of medium and large companies, have meant that there

has been a reluctance to broaden the base of participation and the ownership of the company or resort to methods of raising capital by reason of equity finance.

I believe, Mr. Deputy Speaker, that we have to address these issues and no one is suggesting that funding by way of equity finance or through the Securities Stock Exchange should ever replace commercial banking finance, but there must be a better balance if we are to meet the needs of expanding productive capacity at the micro and macro level, while at the same time broadening the base of ownership and participation in this country.

Sir, we have to set it in the context and we have to be realistic. As I said, part and parcel of the historical bias of being a plantation economy and a plantation society and having a limited private sector that has thrived on the basis of preferential decisions and monopolistic practices, means that the average person has a sense of trepidation for participating in the context of economic activity with that local private sector. There is a feeling that only a few people control.

Indeed, studies over the years have shown that the number of families that are involved is much less than 50 families in the context of a population of 260 000 people. In spite of as little a number as that, the number of directorships in which that family base hold constitutes about 50 per cent of the existing directorships in the country.

Sir, you have an atmosphere of interlocking directorships, small family base, small social strata, information flowing neatly within that and a mass of people on the outside. Now, how do we build the bridge to establish confidence of the masses of people on the outside whose disposable income has risen considerably and needs to be mobilised to help that expansion of productive capacity, while at the same time they are having those misgivings about how their money would be used?

It is interesting, therefore, that the same misgivings that those families have about diversifying their ownership base is met now by the misgivings of the general population as to the level of fairness with which their investment would be treated in respect of participation in a common effort.
2.35 p.m.

At the end of the day, if our productive enterprises do not earn the foreign exchange for us to help finance the country, directly or through the repayment of debts, we will not be able to move from the point at which we are today. Sir, as I said, as great a stride as we have made politically and socially, if we do not put people in a position where they do not have to rely on a benevolent Government, in

30 to 50 years' time we will not have completed the mission that was vouchsafed to us and that was started in the 1930s by the establishment of a popular political movement in this country.

I believe, Sir, that therefore the issue of the promotion of awareness and education cannot be done in a vacuum. It does not help when the Stock Exchange of Barbados could be seen to be raising \$8 million in fees for a transaction of an entity that is a member of the Stock Exchange of Barbados. All it does is to reinforce those feelings of doubt but the population would have by reason of the historical biases of which I have spoken.

We have therefore, Sir, to ensure through the passage of this legislation that the wide-ranging powers of the Commission are such that the watch words are transparency and strong and effective supervision and regulation. In the absence of that, we will not normally have been able to get over people's doubts but when you add those normal doubts with the historical and cultural biases, we would have a tremendous problem in being able to mobilise savings to be utilised in investment opportunities to expand the growth of this country.

I believe, also, Sir, that there has to be a commitment on the part of those who are players within the Stock Exchange of Barbados and who have listed their companies. It is one thing, yes, to say that you are listed but it is another thing for persons to be seeking the trade in securities that are available in Bridgetown but go and trade them in another Caribbean island because the transaction cost is cheaper and at the same time are telling people in this country that they must buy local to support local jobs and local profit. You cannot speak with a forked tongue and all of those things speak to the absence of a commitment to build a strong capital market as well as a strong single destiny for Barbadians.

I believe, Sir, that there is also a necessity for us to speak out against those practises that cause people to conduct a whispering campaign on the ground and to reinforce that insecurity. It cannot be right even for those companies that are not listed, who want to pay lip service to the incorporation of workers in the productivity benefits of a company by giving them employee share option programmes and then requiring that as soon as they leave the employment by reason of retirement, resignation or dismissal, they must return the shares.

Sir, that cannot be right and we have come too far in this country to be able to accept those activities. One of the things that pleases my heart about this legislation is that the Securities Exchange Commission of Barbados will not only have oversight of those companies that are listed but will

also have oversight of any issue of securities to the public, whether or not that company is listed.

Sir, that is a significant departure from the past because it not only gives it the opportunity to be able to regulate that kind of improper activity which was not illegal but in my view, it was unethical and improper and ran counter to anything else that we have fought to build as well as everything else that they themselves have given the lip service to by subscribing to the Employee Share Option Programme as being a way of rewarding workers for their productivity.

Mr. Deputy Speaker, we have therefore a task at hand. This Commission will deal with matters like market rigging and insider trading. This Commission cannot only do so, however, on paper and the Commission must recognise that those persons who fall outside of the nucleus of Barbados' private sector will not have as readily an opportunity to access information in a knowledge-based economy where information is wealth, as those people who have traditionally been at the centre of private sector activity. In those circumstances, the Government will continue, through mechanisms such as the Fair Trading Commission, such as the Securities Exchange Commission, to right the imbalances we have inherited through an archaic structure that is no longer capable of surviving in a modern global economy.

Sir, we have the opportunity now to begin to dismantle practises and attitudes to help us finance our further development, knowing that we will not get it from overseas developmental assistance on a bilateral basis, that it will be limited in respect of the international financial institution but that we, as Bajans with a larger degree of disposable income, with a capacity, Sir, where we have benefitted from eight strong years of economic growth into the ninth as I have said, must begin to understand how we must finance our own in the future.

We have, however, Sir, to be weary that one of the impacts of technology is to make information available in a real time basis in this society. There will be those who will be weary about the downturn on Stock Exchanges across the world, particularly in the last few months and who may feel that they may be subject to losing substantial investments of their own.

I want to say, Sir, that in the same way that Barbadians hold passionately to the concept of land and education as major investments, within the next 20 years Barbadians must also hold faithfully to the fact that they have to use other investment vehicles: securities, bonds, all of those things, to help diversify what they can invest their money in and expect a return from. We hope that this framework that we are putting in place can do so.

I do not have the time, Sir, to go into the details of the Bill as I would like to because there are sections which I believe need work. I have pointed out to the Attorney General section 41(3) of the Bill which, in my view, seeks to give the Commission a power that it cannot effectively use in terms of dismissal of a third party employee as it will induce a breach of contract which is a tort, and we will not want to be passing legislation in that regard, and he has given me the assurance that that will be amended.

I also feel, Sir, that the penalties which are in the Bill are too low, given the other range of offences that are now currently punishable by even a magistrate's court. In those circumstances, if we are going to be serious about turning around the attitudes and encouraging a level of participation by the average Barbadian in the financing of their own investment through opportunities in a Stock Exchange, we have to send a signal that sharp practices, whether through insider trading, market rigging or whatever, must be punishable and punishable at a level that is commensurate with how it will have a negative impact on our own development.

It is a serious thing, Sir, because there is no doubt in my mind that if we focus all in one direction, Barbados can ensure that our economic future is sustainable and that each and every Barbadian can have a vested stake in it. If we allow the prevalence of sharp practices and insider trading and an archaic private sector structure to continue to dominate that which will fuel the growth of our economy, then we will pay a heavy price for it because we do not have the alternatives to independent financing to be able to overcome that.

I also believe, Sir, that we will have in the future to look at the fact by allowing greater cross-border trading. It is of regret that at that there will have to be expansion of activities most of the cross-border trading takes place now on behalf of institutional investors and I believe, Sir, that that requires also a change in approach on the part of individual investors in Barbados.

Equally, Sir, I believe that the question of joint listings will also provide an opportunity for Barbadian businesses, not only to receive access to greater levels of capital, but also for us, Mr. Deputy Speaker, to be able to use that mechanism as a platform for growth and investment into other economies, and allowing our economies to grow to another level so that they can become a fuel domestic economic growth, not only by domestic economic activity but indeed, Sir, by hemispheric and global activity largely because we have the mechanisms by which they can move out now and participate in other markets and other companies across the world.

2.45 p.m.

That will require a change in attitude and will require us to see the establishment of a capital market as an opportunity to list not as a threat to dilute family ownership but as an opportunity to expand and become a regional, hemispheric or global player. It will require confidence and an understanding of what the strategic issues are that are going to fuel economic development in the next decade or two across the globe.

I believe, Sir, that if we can get all of these things right, we will have a bright future but I do recognise that there are constraints. The training programme to support both persons working in the capital markets as well as the structure of compensation for brokers who are paid on a monthly basis and who do not have to rely on commission to generate activity or that the public education which must come not only at the level that can be understood by professionals but at all levels of the society because the wealth that is being created is not only generated by professionals but is generated by the ordinary man and woman who must have access to something besides land and a 4 per cent savings rate. All of the emotion that goes into land as a symbol of wealth has also to be used in educating people to what other economic investment opportunities there are for them to get a better rate of return on their investment besides keeping it at home, in a bank or just on a piece of land.

I believe, Sir, that the subsidy which was reintroduced by this Government after it was taken away by the Democratic Labour Party Administration in the early '90s was a necessary thing to help to continue to build the platform to the development of the Stock Exchange of Barbados. Indeed, Sir, there may well be a case for ensuring that there is greater subsidization because they would have a lot of work to do to go to the next level. It is plausible that through the establishment of the Central Securities Depository that we can now operate seriously in an electronic trading environment because this Government has signalled its intention to put e-government and e-commerce at the centre of this country's economic development. I believe, therefore, to have brought legislation accommodating anything less would have been a retrograde step.

I also believe, Sir, that we are going to need to look at the Companies Act for some other amendments. Indeed, Sir, while the Central Securities Depository can act as a depository for shares in publicly traded companies, I think there are still going to be people who have small private companies who may also be looking for equity investment either from family or from the general public and who therefore need to have the confidence that if they seek to buy shares owned by somebody that those shares are unencumbered.

Right now there is no single place in Barbados where you can go and determine whether those shares are unencumbered and that what you are buying is what you are actually buying. If you buy land, a search is done on the land, and if the land is encumbered in any way, you know you are not getting good title. So I hope that we would see an amendment to the Companies Act soon that would allow for any lien or encumbrances placed on shares that are used for collateral in private companies to be registrable so that persons can do searches and ensure that there is no encumbrance being taken.

All of this is necessary to the building of trust because at the end of the day a stock exchange is no more than an option and there has to be trust on the part of those who want to buy and who want to sell and you cannot therefore divorce the establishment of a capital market in Barbados from those other things which are necessary to engender trust in this society and this economy. What we do know is that we can go no further in terms of the restructuring and the repositioning of this economy without having adequate access to new forms of investment vehicles in a capital market, to be able to finance that sustainable economic growth that we want to continue, but that the challenges that we face are such that we would have to work at a number of levels to make it right both in terms of making those who are frightened to go public as well as those who are frightened to invest and those who go public.

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

Hon. Miss M. A. MOTTLEY: I am grateful, Sir. I want to say that I regard this legislation as a fundamental piece of legislation which is being piloted by this Government in the restructuring of this economy. I do not root it in the mission that was set out on in 1994 but I root it back in the overall philosophy of the Barbados Labour Party that you cannot change the economic, social and political circumstances of this country unless you make people independent at the end of the day.

We have been successful to a large extent with the political and social enfranchisement. We have been slow on the economic enfranchisement but I trust that this architecture and this legislation which guarantee transparency and effective and strong supervision and regulation buttressed by policies that would speak to the changing of attitudes and economic opportunities will allow us to fulfil the mission that was started long ago in 1938.

I thank you, Sir.

Hon. A. P. WOOD: Mr. Deputy Speaker, I rise to lend my support to this Side of the House in this debate on the Securities Bill. The two Honourable Members on this Side who spoke before me were very thorough in their presentations in respect of the importance of the Bill and I would want to introduce a slightly different slant in my presentation.

Asides.

Hon. A. P. WOOD: Mr. Deputy Speaker, let me start at the point where the last Honourable Member left off when she alluded to the importance of developing a stock market in Barbados. Mr. Deputy Speaker, there is voluminous empirical evidence which establishes the link between the financial side and the real side of an economy.

A number of academics would have argued on the one hand what academics call the supply leading phenomenon, that is, that activity in the financial sector drives the real sector, so hence supply leading. On the other hand, we have another set of academics who are proponents of the demand following phenomenon, that is, that the activity that is planned in the real sector then triggers activity in the financial sector and there is still another set of researchers who have established a bi-directional causing relationship between financial sector activity and real sector activity.

Mr. Deputy Speaker, an important feature of the development of the financial sector in a large number of developing countries is the fairly fast growth of stock markets in these economies. The establishment of stock markets in developing countries is favoured not just by the major international financial institutions that provide structural adjustment programmes for developing countries but they are also supported by many other economies who, believe it or not, work on centrally planned economies.

Mr. Deputy Speaker, let me put into proper perspective why it is that we need to make changes to what already exist in the Securities Exchange Act hence the need for the new Securities Bill. I would want to start by indicating to the Honourable House why it is that stock markets in general are very important.

The first point I would like to make is that the existence of stock markets raises the savings potential of an economy but how does it do that? It does that by providing individuals and institutional investors with an additional instrument which may better meet their preferences and the liquidity needs. Before the establishment of the Barbados Stock Exchange in 1987, trading in securities was done in a fairly unstructured way. How was it done? Shares were either sold in settlement of debt or traded by trust officers and solicitors who would have assembled willing buyers

and sellers of these trades. However, the liquidity of the corporate securities and the high transaction costs at the time acted as a deterrent to effective trading in these securities. Transactions at those times were in fairly large blocks so they would have escaped the smaller investors at the time.
2.55 p.m.

Mr. Deputy Speaker, a second reason why stock markets are important, and this is the case like any other financial institution, is that it acts as a conduit through which savings channel through the business sector. Of course, commercial banks and other financial non-banking luminaries do the same. But stock markets have a very important role in this respect because the instruments that are used in trading in securities have characteristics that are different, for example, in the case of debt. What are the characteristics of equity relative to debt? In the case of equity, Mr. Deputy Speaker, the risk inherent is shared with the provider of the capital and there is no fixed obligation to repay the funds. This point was made by the Honourable Member for St. Lucy without even realizing that he was making a good point. Thus, a stock market better facilitates the development of long-term risky investment projects.

There is a further important point to note that firms financed with equity capital will not normally cut back on production as much as they would with debt financing if there is a downturn in the economy.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House, Sir, in crediting something to me just now. He gave the impression that I read it from my notes as he is reading from his. I want to correct the House that that information did not come from my notes but it came from the computer in the back of my head.

Mr. DEPUTY SPEAKER: Proceed, Honourable Member.

Hon. A. P. WOOD: Thank you very much, Mr. Deputy Speaker. Let me continue. Another very important role of the Stock Market, and this was alluded to by both Honourable Members on this Side, is that the market is a very convenient vehicle for the privatization of State enterprises. We had a wave of privatization of State enterprises as in the case of France and certainly in the United Kingdom the Stock Market was used heavily to facilitate the privatization of the State enterprises.

Finally, a very important role of the stock market is that it can provide the facility for wider ownership of locally owned companies and increase indigenous ownership of foreign owned companies.

Mr. Deputy Speaker, this raises the issue of promotion of economic democracy. We have seen in Barbados in recent times a concerted effort being made to widen the base of ownership in previously Government-owned companies. When the Government moved to divest its interest, at least a part thereof in the Barbados National Bank and the Insurance Corporation of Barbados, the Securities Exchange was brought into play in that regard.

Mr. Deputy Speaker, let me give the Honourable House information on the performance of the Barbados Stock Exchange to date, and I will move smoothly into building a strong case as the other Honourable Members on this Side did for us to pay more attention to the development of the Securities Exchange and hence the importance of this Securities Bill. I am going to quote, Mr. Deputy Speaker, from a bit of work which was done by myself when I was involved in activity elsewhere at the UWI. My information was updated using the *Annual Statistical Digest, 2000*.

Mr. Deputy Speaker, the information on the performance of the Stock Exchange to date would indicate that for the first full year of trading, as I have said earlier, the Stock Exchange was established in June, 1987 and there was modest trading on the Stock Market in its first full year of operation in 1988 and 1.48 million shares with a value of U.S.\$2.1 million were traded in that year. In 1991, 7.2 million shares with a value of U.S.\$9.1 million were traded. The Index at the end of December 1991 stood at \$1 319.25 million. By 1998, and this is the year of the most significant trading on the Stock Exchange, there were 326.8 million shares with a value of U.S.\$1 billion and the Index rose by the end of December 1998 to \$2 794.41 million. There was a fall-off in 1999. As I said, 1998 was the year that was the most active for trading in securities on the Stock Exchange. In 1999, 12.4 million shares with a value of U.S.\$40.6 million were traded and the Index at the end of 1999 climbed to \$2 560.57 million.

Mr. Deputy Speaker, notwithstanding the fact that trading on the Stock Exchange in Barbados has been fairly low, there were years like 1998 which I have just mentioned, and to a lesser extent in 1999, when by Barbadian standards, given the historical evidence, there was some vibrancy in the market.

A very important indicator one uses when analyzing stock market activity is the ratio of turnover to market capitalization. This gives some idea of how the shares actually change hands. In the case of Barbados, the statistic is very low I can say. For the period 1987 to 1992, the ratio of turnover to market capitalization remained below four per cent. When we compare this to what happened in the case of the stock markets in Jamaica and Trinidad and Tobago over that period, one appreciates that notwithstanding the fact that those stock markets were established before the

Barbados Stock Exchange, that the rate of turnover to market capitalization in those two markets have certainly been below 10 per cent for the period 1987 to 1992 apart from 1991 when in both Stock Markets the rate was in excess of 10 per cent.

When one looks at comparative statistics of Professor Singh which he did a bit of work on, in 1992, he indicated that for emerging markets as we call them in the cases of Korea and India, that the ratio of turnover to market capitalization in Korea ranged from 44.2 per cent to 128.1 per cent over the period of 1980 to 1999 and in the case of India from 44.3 per cent to 77 per cent over the same period. 3.05 p.m.

We need to identify the reasons, Mr. Deputy Speaker, for the monitoring in the securities market in Barbados and why it is that the ratio of turnover to market capitalisation has been so low. Honourable Members on this Side who spoke previously identified one of the major reasons for the modest trading and they centred on the reluctance to dilute family ownership and control of businesses.

Mr. Deputy Speaker, when one assesses the evidence and the shareholding structure of firms in Barbados over a reasonably lengthy period of time, one will find that there is still a fairly high degree of interlocking directorship and that will tell you something. There is still great reluctance on the part of family-owned businesses to have those businesses listed on the Securities Exchange. As the Honourable Member for the City is saying, the larger businesses, ones that could lead the way in business expansion within Barbados, and certainly because of the tremendous success they have achieved within Barbados, could also take such a proud record of business success into the region, that these companies have refused strenuously to enlist on the Securities Exchange in Barbados so that there is a lot of evidence out there to suggest that there is a great reluctance to dilute family ownership and control of businesses.

The low rate of turnover to market capitalisation indicates that shares are very tightly held. Why are shares tightly held? Shares are tightly held maybe because persons get fairly excited when the opportunity arises for them to become part of the owners of companies in Barbados or certainly for ignorance of the market. Shares are tightly held in anticipation that the value of the company will increase tremendously over time and they will benefit via capital appreciation or capital gains.

Mr. Deputy Speaker, one thing that is certain is that the tendency to buy and own shares in Barbados stifles the development of a vibrant stock exchange and, as the Honourable Members who spoke earlier indicate, this

problem can be remedied through a very effective public education programme. Mr. Deputy Speaker, a public education programme is needed in the case of small emerging markets like ours for a number of other reasons and I will get to those later.

I said earlier that one of the characteristics of equity financing is that quite unlike debt financing the risk is shared between the beneficiary and the provider of the capital in the form of equity. Owners of businesses in Barbados have not been taking full advantage of that. This can be better seen if we were to turn our attention to a related issue and the related issue is an analysis of the pattern of corporate financing in Barbados.

We know that there are three main sources of financing of business expansion: internally generated funds for the funds that are generated and ploughed back into businesses, like how the Honourable Member for St. Lucy who is a very successful businessman does in the main. He generates tremendous profits for a business of his size and he is known to be very thrifty notwithstanding the fact that he is a politician. Persons in his constituency have told me that he is fairly tight. He takes a lot of the money generated through the business and ploughs it back into the business. Hence he is providing for expansion of his business through internally generated funds.

Another means of financing business expansion is through loan financing. You go to the commercial banks or another institutional investor and you can access some funds to facilitate the business expansion. The Honourable Member for St. Lucy does not have to use that route too often because his business generates a lot of funds and he ploughs it back into his businesses. The other main means of financing business activity is through equity financing that is, owners of firms who have listings will go to the market for a new issue to raise some funds for business expansion.

When one looks at what has been happening in the case of Barbados, of course there are other ways of financing it through trade credits *et cetera*. When one looks at the Barbadian experience, we see once again that equity financing plays a fairly insignificant role in facilitating business expansion. The main financing tool used is the internally generated funds followed by loan financing and then equity financing takes a distant third.

Mr. Deputy Speaker, notwithstanding the potentially significant importance of equity financing, we still have a situation where, in the context of the Barbadian society, equity financing plays a very insignificant role. We have to ask ourselves what are the reasons for this.

One of the things we need to understand, Mr. Deputy Speaker, is that there is a taxation bias in favour of debt

finance. While interest payments are tax deductible, dividend income is paid out of corporate after tax profits. Naturally, Mr. Deputy Speaker, the managers of firms will prefer to go to the commercial banks and use that group in order to finance business expansion.

Mr. Deputy Speaker, let me go quickly to look at how we could seek to deal with the inherent characteristic of our Stock Market in respect of modest trading and its inactivity. 3.15 p.m.

If we are able to identify the reasons, it would not be too difficult for us to identify how we can go forward in this regard.

The first point I want to make relates to the taxation policy. The taxation policy with respect to dividends should be changed in order to make equity financing more attractive to the controllers of large firms. We cannot address this issue of taxation in isolation from what the macro economy requires.

The Minister of Finance, the one who has to deal with this delicate issue, will have to make various trade-offs in respect to revenue generation and in respect to encouraging the use of various types of financial instruments. If in the considered opinion of the Minister of Finance, it is more important to encourage the greater use of the Stock Market then he would want to make it more attractive to those who make strategic decisions in respect of how companies are run and what types of enticements he would want to make for the controllers of large firms.

Secondly, Mr. Deputy Speaker, in response to the point made earlier about the great reluctance on the part of owners of family firms and some of the larger firms that would prefer to remain private for fear of giving up control of these firms, we might have to identify different types of instruments which would reduce the level of fear on the part of controllers of these large firms. We might need to introduce a type of quasi equity instrument. This instrument could be similar to the certificates created in Switzerland during the period of tight financial regulations. These participation certificates are really non-voting shares, Mr. Deputy Speaker, and they result from the division of the normal company bearer shares into more marketable portions.

If we could identify an instrument which, if widely used, could help to serve the purpose of making more use of the Stock Exchange while, at the same time, leading to a reduction in the entrepreneur's fear of loss of control of the business, that might be one of the ways to go.

Thirdly, Mr. Deputy Speaker, there should be an intensification of an effective public programme to sensitise

not only the managers of firms but also to sensitise those potential investors to the benefits of getting involved in securities trading.

Mr. Deputy Speaker, this Bill, among other things speaks to this particular concern. Of course, for the uninformed there is a lot of nepotism about the way in which securities markets function, but what we need to do, through effective regulatory and supervisory controls, is to make it not only more attractive for individuals to want to get involved in securities trading, but increase the level of comfort on unsuspecting investors in the use of securities markets.

Mr. Deputy Speaker, there are a number of other things I want to speak about, but one of the main issues which this Bill addresses is raising the level of consciousness among the investing public and the level of confidence in the marketplace.

Mr. Deputy Speaker, my time is up but there are issues relating to the harmonisation of the exchanges of the region and the support the Barbados Labour Party has been giving to the Securities Exchange in Barbados.

Mr. Deputy Speaker, I would just want to leave with the Honourable House that for an economy that is well placed like Barbados to go forward, recognising the linkage between the financial sector and real sector that wherever and whenever possible we should introduce mechanisms which would lead to a higher level of sophistication in the financial sector while at the same time putting the necessary supervisory methods in place which would allow the system to function in a way that there is little or no fear among investors and business people. That is the way to go.

The Stock Market has a very important role to play in the functioning of a financial system in leading to an increase in the array of financial instruments for the various types of investors. All of this will redound to the benefit of activities in the real sector.

Mr. Deputy Speaker, I commend this piece of legislation to the House.

Hon. N. A. LYNCH: Mr. Deputy Speaker, let me say from the outset that I certainly consider it a privilege to be able to speak today on a piece of legislation that I consider to be one of the most important pieces of legislation we will debate during this session.

This debate can be set in many different contexts but even though this is a debate that deals specifically with the financial sector and is primarily an economic debate, there

is much relevance in this debate that can still be considered a social debate as there are many social implications in this Bill.

The debate fundamentally shows the stark difference in development philosophies between two parties. It also shows the great philosophical divide in terms of how we view the concept of development of people in Barbados as opposed to the Other Side. It is a debate about developmental realities that go beyond lip service and should be set in the context of further economic enfranchisement for our people in Barbados.

Sir, it speaks to the new economy and the economic future of this nation. This debate is also about the concept of the redistribution of wealth in our society that goes just beyond talking about taking something and giving it to another person or the issue of reparation. As this society develops, we should create the correct platform and environment for those who are rising in the society to be able to deal with their development and to invest in the future of Barbados.
3.25 p.m.

Sir, let me say that the policies that we are outlining in this particular piece of legislation define the destiny of each and every Barbadian in the near future.

Many of the issues that were spoken to by the Honourable Members on this Side went easily over the head of the Honourable Member for St. Lucy when he spoke. The issue of the concept of whether or not you were going to get a better return on your investment and whether this debate was about rich people dealing in a market went over the head of the Honourable Member.

Sir, a securities exchange and the issue of trading of shares and stocks in a securities exchange have very little to do with rich people only. It is not a replacement for savings. Sir, that is not the issue. The issue here is that we are about to expand the ownership of these countries in a way in which it has never been done before. Sir, the most successful countries in the world, especially small developing economies, the issue is the concept of economic freedom. It is really fundamentally at the core of our development in the future, economic freedom, the issue of control and protection of investment and the Laws that accommodate, but not restrict, the movement of capital and the movement of investment within these small countries.

The most free market in the world and the most free concept of a market is really the one that is most controlled and the one which is best protected. For example, the New York Stock Exchange. It is very serious, but seriously controlled, and very free and open in terms of its investments.

Sir, in the past Barbados has been a country which was allowed, and has many areas of developmental assistance in terms of their development in large estates as this preferential Act says that the preferential markets in developing countries are now closed to Barbados, as Barbados has been graduated. The future of Barbados is bound up in being able to access foreign investment as one key and the other key is the key to domestic investment which this issue primarily speaks to.

Sir, there have been declines in the influence but the most important aspect in terms of economic development of the domestic market is the proper functioning of the country's capital markets, the ability for the private sector to raise debt and equity financing for investment purposes and for business expansion from both residents of the country and external investors.

Sir, the ability to mobilise domestic savings into productive investment is what this issue is about. There are many positive impacts of that. It enables smaller businesses to raise affordable equity locally and to easily fund their growth and development. It also allows citizens to earn investment income and to realise substantial capital appreciation.

Fundamentally, the Stock Exchange is really an option creating a platform for diversifying offerings; bringing together willing buyers and sellers and being able to create an orderly process of many. If there is anything that is important in this legislation, it is that this legislation sets out a platform to create confidence in the Barbadian investors and to be able to do that in a way that allows small companies and entrepreneurs to grow. It also allows them, if they take off the way they should, to have access as well to other foreign markets.

One of the major challenges that has to be at the centre of the Securities Exchange of Barbados has been the issue of the few companies listed, the reasons for the limited number in terms of the availability and the preference for debt. That has been the core of our existence. The history of it is important but the concept, even though we are operating in an archaic way in terms of how we deal with investment and the concept of share and share participation, historically, businesses have opted for bank debt and for reinvested funds rather than going to the capital markets for equity and debt and for other debt instruments. Sir, part of that is history.

The issue at hand is the perceived simplicity for the borrower; the relative liquidity on the part of the lender and the relative quality lending opportunities that are available. Sir, the future of most of the small enterprises in Barbados is the need for greater opportunity for the valued journey that these companies must travel on. Sir, if there is one thing that we must do in terms of being able to create a path for these

companies to be able to raise the capital but also for the investor to ensure that his or her investment is protected, must be in a context of being able to create the Securities Exchange in a way that gives confidence to the investor and gives an opportunity to the future entrepreneur.

Sir, part of it has been the lack of knowledge in terms of entrepreneurs going public and initial public offerings. The issue is how to be a successful candidate for many of the companies in Barbados when going public. Many of the entrepreneurs have very aggressive approaches to tax planning. That in itself minimises the legal taxes that are owing or payable to Government. What it does at the same time is that it impacts upon reduced earnings for the companies. This creates a negative impact on the valuation of the companies when they go public.

This legislation creates a platform for confidence and guidance for them to be able to embark on the concept of planning strategically for the growth of the companies. Strategic planning for many companies is just another management exercise but it is a way of life for business in this country. The legislation also allows them to create and build on a platform to be able to create clear strategies for their growth and development.

Sir, many of the companies in Barbados, and the reason why many investors are not interested in getting involved, apart from the concept that the Honourable Member for St. Lucy would argue that the concept of disposable income is not having money, it is the inability to accept sound, corporate governance models and being able to clearly define within their own small companies the role of shareholders, directors and management, also to deal with issues of successful planning and be sure to create a platform for the future growth of the companies.

I believe that Honourable Members on this Side have already expressed the opinion that many of them are reluctant as well to go public and to get the public involved in buying shares in their company because of the concept of the loss of privacy of the operations of that particular company.

Sir, in this environment that is going to be better controlled by the Securities Exchange Commission, one of the issues that will emerge will be a wider participation and clear participation of venture capital companies in the future of Barbados and in the future of many of these companies. These venture capital companies are companies that make equity investment in entrepreneurial growth companies. It is interesting that in many of the developed countries and particularly in North America, venture capital firms are very much a part and parcel of the IBOs. Grooming them for the IBOs and being able to achieve exit strategies sometimes, the desired exit period sometimes is four to seven years.

Sir, even if a venture capital company came on the Securities Exchange in terms of selling their own stock, you will need to be able to have a mechanism of protection for these venture capital companies as well.
3.35 p.m.

Sir, part of it is bound up, as well, in the future of being able to create one regional exchange for the region. Now, there are separate Exchanges that exist in many of these countries in the Caribbean, including Barbados, the Bahamas, the Cayman Islands, Jamaica and Trinidad.

Sir, moving towards a common computerised trading technical platform is really the issue. Although there are SCDs all across the region, it really does not fully integrate and accommodate what should be the concept of a regional exchange, in terms of the facilitation through cross-border trading on Stock Exchanges. What we really need, Sir, and what this legislation will help us to attain is the concept of a single, more diversified regional Exchange in the Caribbean.

Sir, many of these countries already have their individual CSDs and in many of these countries there are cross-listing situations but the desire to create general awareness across the Caribbean for individual companies is going to be fundamental to the future of any regional Exchange for the Caribbean.

I believe the Honourable Member for Christ Church East said that Barbadians are risk averse but the issue is that many of them are not in sync or even aware of the concept of what happens in companies across the region. Generally, Sir, this also moves to increase the liquidity or the flow in shares across the Caribbean and accessing a greater number of potential buyers and sellers, in terms of being able to bring them together in a way that they have never been brought together before. Sir, this is a serious tool for economic development.

Sir, there are many intricacies in the legislation that we need to speak to and, obviously, the Honourable Member for Christ Church East leading the Bill would have expressed many of those concerns. Sir, being able to start the Exchange and guide them through the concept of the information dissemination is quite important.

Sir, the Commission of the Regional Exchange should create a better working platform because no matter how good the legislation is, how good we are able to control the movement and issuing of shares, and the protection of both entrepreneurs' businesses and investors, two fundamental issues are always going to be at the core of where we go with legislation in the future. A lot of it has to do with education for the consumers in Barbados as it relates to the concept and the movement of capital.

In other countries, for example, the United Kingdom, there is the concept called *pro share* in which schools are actually involved. It is actually part and parcel of the curriculum of schools in the United Kingdom in which high school students are encouraged to participate in the concept of on-line trading and other types of trading.

Sir, fundamental to the future of Barbados as it relates to the true creation of a capital market and then moving further on to being able to create a true platform for the concept of a regional capital market that functions and gives us access to bigger capital markets in developed countries, must be the issue of the education of our people as it relates to the concept of capital markets. Many of them need to understand that clearly.

I know the issue of the concept of how the capital markets are formed, how they integrate, how they work and how they expand is something that went over the head of the Honourable Member for St. Lucy as well. Therefore, it must be fundamental to enroll him in many of the educational courses in Barbados...

Asides.

Hon. N. A. LYNCH: Sir, the concept of market rigging, insider trading and a number of other issues, including how we deal with the framework for penalties for these types of activities are going to be fundamentally important. Sir, like the Honourable Member for St. Michael North East, I am in agreement that the penalties which are laid out in the legislation...

Aside.

Hon. N. A. LYNCH: I guess this is not the only time that we will be dealing with this legislation because there are other pieces of legislation that need to fundamentally fall out of this first bite at the cherry. But part and parcel of it is that this Commission will not only control trading on the Stock Exchanges, but other financial instruments, and other ways of conducting many financial transactions.

Sir, the concept of being able to create penalties that speak to the issue of \$50 000 and a year or so imprisonment really does not do justice to the issue of what will happen, particularly when you create a regional exchange. Certainly, it amounts to nothing more than maybe a rap on the knuckles in terms of the type of money that can be generated across the Exchange and the type of money they are dealing with.

In terms of the compensation of workers and what you actually pay and being able, Sir, to create the Contingency

Fund is part and parcel of this legislation. What is going to happen initially, Sir, is that the Compensation Fund is going to be part of being able to ensure the competence in the consumer that the capital market does work for him or for her.

The other issue relates to market size, not only risks but market size, being able to have just initially offerings in Barbados and across the region, really will not be enough, in my opinion, to engage the mind and money of many of the potential investors we have in Barbados. What this legislation must seek to do in the future as well, is to create other avenues for opportunity and the issue of education but also being able to expand into other markets and having access to other regional markets.

Sir, fundamentally, we are also going to, and must make amendments as well, to the Companies Act in the future if we are going to make this work. Apart from this particular piece of legislation, this deals with some issues. Apart from electronic trade, e-commerce legislation, the establishment of the Fair Trading Commission, it has to be in sync with amending a number of issues relating to our tax laws in terms of tax incentives that are available to companies.

Sir, it opens an opportunity for companies to be able to put on the Exchange, not only the concept of how they grow, but being able to expose it in a way in which it has never been exposed. I believe, Sir, that this legislation is a really convenient vehicle in terms of helping with the privatisation of corporations.

This Government has been at the centre of being able to take the most productive public enterprises in Barbados and put them into the hands of the private sector. So that many people who would not have had the opportunity to be able to play in corporations and in institutions which are symbols of good public governance, will now, for the first time, have that opportunity. These vehicles allow for that opportunity in a way in which we have never had before, not only in the context of issues of places like the Barbados National Bank and ICB but also the Barbados Port Authority and the Grantley Adams International Airport. Sir, this allows us, in the first instance to be able to give an opportunity to ordinary Barbadian investors.

This is the issue, Sir, as our country becomes more developed, as we move poor people into the middle class, the opportunities that must be made available to them must be numerous. This, Sir, speaks to the issue of this new economy and that the Stock Exchange is not only a place for rich people to play but it is genuine enfranchisement for all people in Barbados.

Sir, if it is one thing that I would like to end on it is that the issue of the creating of Exchanges is something that is very, very old in terms of many of the developed countries. 3.45 p.m.

For example, in the United States of America, The Securities Exchange Act was tabled in 1934, so this kind of tells you how old it is. What we are doing for the first time as we seek to move more people up the social ladder is to create for them real economic opportunities and real economic enfranchisement. For us to be a real global player in the age of globalization, it means that we must be able to provide a platform for this country to move truly into becoming a developed country in the very near future.

I must also make many of our people conscious of the new political economy and I believe that this party is at the centre of that. It speaks to the core and the issues of what the Barbados Labour Party has always stood for in terms of developing people. Therefore, apart from the concept of protection against malpractices in the securities and financial markets, this debate is about an issue of developing and enfranchising people for the future. Sir, that must be at the core of any debate that we deal with in this House as it relates to financial markets.

I thank you, Sir.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, as I have indicated earlier, we would wish this debate to continue next week. I therefore move that further consideration of this Bill be postponed.

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

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

ORAL REPLIES TO QUESTIONS

Mr. DEPUTY SPEAKER: We will now revert to Oral Replies to Questions.

Question No. 10

Mr. DEPUTY SPEAKER: The Honourable Member for St. John.

Mr. D. J. H. THOMPSON: To ask the Minister of Agriculture and Rural Development:

Will the Minister state whether the Rural Development Commission proposes to undertake any projects in the

constituency of St. John within the 1999/2000 fiscal year and, if so, will the Minister state in relation to the constituency of St. John:

- (a) How many street lights will be installed, where they will be installed and when?
- (b) How many tenantry roads will be constructed, where those roads will be constructed and when the projects will begin?
- (c) How many houses will be repaired, or grants given for the repaired of houses; and
- (d) What other projects, if any, the Commission proposes to undertake?

Hon. A. P. WOOD: The reply to Parliamentary Question No. 10 is as follows:

- (a) Yes, The Rural Development Commission has undertaken projects in the Constituency of St. John.
- (b) For the fiscal year 1999/2000, the Rural Development Commission installed twenty-four (24) street lights in the districts of Bath Land, College Land, Mount Tabor, Mount Tabor Heights, Stewart Hill, Venture No. 3 and 4, Ashford, Carters Road, Church View, Wilson Hill, St. Margaret's Village and the corner of Presentation College. Forty-seven (47) street lights are now due for installation in the following areas:

Gall Hill, Kendal, Newcastle Road, College Savannah, Venture and Venture East Side.

In addition, five (5) light poles were installed during the fiscal year 1999/2000 at Kendal, Consett Bay, Society, No. 2 College Savannah and College Land respectively.

- (c) The construction of an asphalt road at Foster Hall started in January, 2001.
- (d) A house at Bath Land was repaired at a cost of \$16 850.00 and a new one was constructed at Edgecliff for \$43 445.00. Also for the fiscal year 2000/2001 a bathroom, well and a septic tank at a cost of \$20 000 were installed at a home in Wakefield. A foot path to a house at Martin's Bay was completed during the 2000/2001 fiscal year.
- (e) In relation to other projects, the Commission also:

- (v) completed water installations at Bath Land and Claybury during the 1999/2000 fiscal year;
- (ii) made six (6) loans during the fiscal year 1999/2000 to residents of St. John. Approximately \$51 000.00 was disbursed from the Rural Enterprise Fund for use in the areas of fishing, retailing and livestock production;
- (iii) included Sargeant's Street A & B in its Concrete Roads Programme Phase I which is expected to start during the 2001/2002 financial year. Cheshire, College Savannah and Guinea Land have been identified for inclusion in later phases.

SUPPLEMENTARY QUESTION

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I would like my friend, the Honourable Minister of Agriculture and Rural Development, to please state if any document entitled or purported to be the St. John Development Plan has been submitted to the Rural Development Commission to be the basis upon which the very broad-based work of the Commission has been based.

Hon. A. P. WOOD: No, Sir.

Mr. D. J. H. THOMPSON: Will the Minister state since its inception how many tenantry roads in the parish of the St. John the Rural Development Commission has completed?

Hon. A. P. WOOD: To the best of my knowledge, work on the Foster Hall road is progressing very nicely, Mr. Deputy Speaker.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, will my Honourable Friend give the House the assurance that the Rural Development Commission will continue to work with the other various departments of the Government which are even now carrying on substantial works to stabilize Bath, to build roads at Glenburnie, to provide a recreation facility at Foster Hall and to complete the housing at Gall Hill?

Will my good friend give the House the assurance that the Rural Development Commission will continue to be in the vanguard of the implementation of the real St. John Development Plan?

Hon. A. P. WOOD: Mr. Deputy Speaker, I can give this Honourable House the assurance that the Rural Development Commission will continue to play its part in developing the infrastructure and other areas in St. John.

Mr. Deputy Speaker, it is really, really needed given the gross neglect of St. John by its representatives over the years.

Mr. D. J. H. THOMPSON: Of the 47 street lights to be located in about 10 districts in St. John, will the Minister identify how many street lights per district are being allocated by the Rural Development Commission?
3.55 p.m.

Hon. A. P. WOOD: Mr. Deputy Speaker, I must have known that the Honourable Member for St. John was going to ask that question and I would want to report to this Honourable House the allocation of street lights across the constituency serviced by the Rural Development Commission for the financial year 2001-2002.

Mr. DEPUTY SPEAKER: Will you stick to the St. John constituency?

Mr. D. J. H. THOMPSON: Street lights per district in St. John.

Hon. A. P. WOOD: I do not have that information, Mr. Deputy Speaker.

Mr. D. J. H. THOMPSON: The last question, Mr. Deputy Speaker, regarding the house alleged to be constructed in Edgecliff, St. John. Would the Honourable Member identify for me exactly where this house in Edgecliff, St. John has been constructed?

Hon. A. P. WOOD: I am not in a position to give the name of the person on the Floor of the House but I can assure you that a previous draft of the Parliamentary Question did make it very specific who was the recipient of this help from the Rural Development Commission. I cannot remember the name of the person.

Rt. Hon. O. S. ARTHUR: A supplementary, Sir. Will my Honourable Friend please indicate what would have been the cost to the Ministry of Agriculture and Rural Development in terms of the construction of a new fishing complex at Consett Bay, in the constituency of St. John, and would he indicate when that fishing facility that has been so long promised will become fully operational for the benefit of the long suffering people of the constituency of St. John?

Hon. A. P. WOOD: Mr. Deputy Speaker, I do not want to mislead the Honourable House so I would not give a definite figure on the amount that the fishing facility at St. John cost, but the joint project of Consett Bay/Skeete's Bay would have cost in the neighbourhood of BDS\$5 million. I would want to give the Honourable House, in particular the Member for St. John, the assurance that it is my will to have the facility at Consett Bay operational the first of next month.

Mr. DEPUTY SPEAKER: The Honourable Member for St. John, Question No. 23.

Mr. D. J. H. THOMPSON: To ask the Minister of Education:

1. Is the Minister aware that the physical infrastructure of the St. Margaret's Primary School, St. John has deteriorated?
2. Is the Minister aware that following such deterioration a resident of the area fell and sustained injuries as a result of her fall?
3. Will the Minister state whether there is a programme to have remedial work done at the St. Margaret's Primary School?

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, the Minister is not aware of Part A and Part B.

Reply to 3: Remedial work has been ongoing at St. Margaret's Primary School.

Mr. D. A. C. SIMMONS: Supplementary, Sir. Will the Minister state whether the lady fell on the steps as a result of the deteriorating conditions at the school?

Hon. Miss M. A. MOTTLEY: No, Sir.

Hon. Miss B. A. MILLER: Supplementary, Sir. Will the Honourable Minister advise us as to the exact location of St. Margaret's Primary School? Is it a fact that this is a school built in a watercourse?

Hon. D. A. C. SIMMONS: Did the steps of the school have a hand rail at the time of the accident?

Hon. Miss M. A. MOTTLEY: Sir, there was no hand rail on the steps of the school and to the best of my knowledge, St. Margaret's School which was built on a watercourse by a Democratic Labour Party Government for the people of St. John has never had rails to the steps for the students, or staff, or visitors to hold while going up or down the steps of that school.

Hon. D. A. C. SIMMONS: Sir, will the Minister please state the details of this remedial work that was done during the last year?

Hon. Miss M. A. MOTTLEY: Sir, I will do better than state the work which was done in the last year.

The Ministry of Education spent \$33 810 in 1997-98 on St. Margaret's School. In 1998-99 – \$31 202, in 1999-2000 – \$21 049 and in the last financial year, \$47 000 was spent.

The details of the work which has been ongoing are the painting of the exterior of the buildings, replacing six exterior classroom doors, including locks, and painting them, repairing four hollow core flush doors, removing and replacing nine square metres of vinyl floor tiles in the male teachers' toilet area, supplying and installing 50 millimetre galvanised pipe hand rails to both internal stairs so that no one should ever fall walking up or down the stairs by reason of not having something to hold on to again; repairing leaks in the roof and replacing all damaged ceilings with Tentex sheets; supplying and installing door stops and bars; servicing the entire electrical system of the school, replacing fixtures as needed and providing a tiled concrete sink so that persons can have access to drinking water while outside playing.

Rt. Hon. O. S. ARTHUR: Supplementary, Sir. Will my Honourable Friend the distinguished Minister of Education and Culture please confirm that the Ministry of Education has an active programme that is being implemented each year running into the millions of dollars to repair schools such as St. Margaret's in St. John and other schools in St. John and all other primary schools across the country, and will the Minister please also confirm that it is the intention of the Ministry to continue to service the primary schools in St. John from the provision of that programme as well as all other primary schools in the country?

Hon. Miss M. A. MOTTLEY: Sir, I can confirm with certainty that since 1994 this Government through the Ministry of Education has spent no less in any financial year than \$2 million on just ordinary routine maintenance of primary schools. In some years like last year – \$2.9 million, so that the cumulative amounts spent in ordinary maintenance in the last six and a half years approximate to almost \$15 million in just ordinary maintenance to primary schools. This was so because there was less than a half million to a million spent in each of the years before from 1990 to 1994 occasioning drastic work to be done once we were responsible for the environment of the school.
4.05 p.m.

I would also confirm that in particular in St. John substantial work was done at Society Primary, St. John's Primary and at Mount Tabor even in spite of the fact that a new school was constructed in the early 1990s at Mount Tabor but the workmanship on the school was such that it has required consistent work since then.

In addition to that, Sir, I must make it clear to the House that none of the \$15 million spent over the last seven years in respect of ordinary maintenance is separate from the amounts that would be spent on the schools under the Education Sector Enhancement Programme and the least sum that would be spent on any school in St. John is about \$800 000 and, in some instances, will approximate to \$2 million.

Hon. A. P. WOOD: Will the Minister state the physical condition of the schools in the constituency of St. John just mentioned and any other as at September 1994 when the Barbados Labour Party took office?

Hon. Miss M. A. MOTTLEY: The physical state of the schools in September 1994 with the exception of Mount Tabor which was a new school, was in extremely poor condition and in those circumstances the schools that rank the first in the priority of this Government other than Clifton Hill South in the parish of St. Thomas were Society School and St. John's Primary.

Mr. D. J. H. THOMPSON: Is the Minister aware that the Parent/Teachers' Association of the St. Margaret's Primary School undertook the construction of a car park, fencing and also undertook major renovation at St. Margaret's Primary School and is the Minister willing to congratulate the PTA for the work which it approximates to significant expenditure almost matching that of the Government?

Hon. Miss M. A. MOTTLEY: I am particularly delighted that the PTA at St. Margaret's Primary School has followed the example set by this Government for public/private sector partnership in accepting responsibility to help repair aspects of the school because it is our belief that it is a joint partnership since the school is available to the community. I am even all the more happy that the Member of Parliament for St. John would have used his good office in conjunction with one or two members of the PTA to ask Sir Charles Williams to donate the equipment free of cost to pave the yard. I certainly did not have such a relationship with Sir Charles to ask him to donate it to help out St. Margaret's Primary School.

Rt. Hon. O. S. ARTHUR: Would the Ministry of Education confirm that the members of the Parent/Teachers' Association spent more money on St. Margaret's Primary School out of their own pocket on the said school than was spent by the Government when the member for St. John was Minister of Finance?

Hon. Miss M. A. MOTTLEY: Sir, to the best of my memory that is the position.

Mr. D. J. H. THOMPSON: Will the Minister of Education, Youth Affairs and Culture confirm that a significant proportion of the repairs undertaken at St. Margaret's Primary School arose, not from neglect, but in fact from bad weather which damaged the school when a camp was taking place there about three years ago.

Hon. Miss M. A. MOTTLEY: Sir, I will confirm that there were some extremely high winds on a Saturday

night which resulted in damage to the roof but that would not have necessitated painting the building, the provisions of doors to the classrooms, rewiring of the electrical system, the provisions of the galvanise pipe, the replacement of vinyl tiles or provision of the additional water drinking space in the yard.

Rt. Hon. O. S. ARTHUR: Will the Minister of Education confirm that the Minister of Education will continue to execute the policy of carrying out annual repairs to primary schools upon the basis of greatest need and not with regard to constituency, to enable us to be sure that we are meeting the needs of the people of this country for this important service?

Hon. Miss M. A. MOTTLEY: May I say that is indeed the policy of the Ministry of Education. In May of every year a list is prepared of all the complaints collected that are not emergencies. Those complaints are listed and on the basis of funds available and we determine which schools are to be done, not by reason of pleas from Members of Parliament or constituency needs.

Question No. 29:

Mr. D. J. H. THOMPSON: To ask the Minister of Finance and Economic Affairs:

- (d) Will the Minister state the items of furniture, lighting fixtures, drapes and accessories purchased for hotel rooms refurbished by the Hotel Resorts Limited for the GEMS of Barbados Project and the value of the items purchased?
- (e) Will the Minister also state the country from which the items were purchased and the name of the purchasing company or individual?

Rt. Hon. O. S. ARTHUR: Items purchased for the hotels were beds, mattresses, light fixtures, rugs, television sets, chairs, tables and plates. The sum of \$9 million has been spent on the four hotels for these purposes. Items were purchased from the United States of America, Trinidad, South America and Barbados and one of the purchasers, Charles Marketing of Miami, has been engaged.

Mr. D. J. H. THOMPSON: Will the Minister state whether the company identified as the purchasing company is the only purchasing company for all of these items?

Rt. Hon. O. S. ARTHUR: Upon the basis of the information before me that is correct. It does not rule out that purchasing might have been done by the company on its own accord.

Mr. D. J. H. THOMPSON: Will the Minister state whether all of the items have been paid for?

Rt. Hon. O. S. ARTHUR: The information says that \$9 million has been spent and I am to conclude that the items have been paid for.

Question No. 32:

Mr. D. J. H. THOMPSON: To ask the Minister of Finance and Economic Affairs.

(f) Will the Minister state whether the Government will introduce legislation covering the award of pensions and other retiring benefits for soldiers in the Barbados Defence Force?

(g) Will the Minister also state the proposed time frame for the introduction of such legislation?

Rt. Hon. O. S. ARTHUR: Sir, the answer is "Yes." The Government will introduce legislation to cover the award of pension and retiring benefits to the soldiers at the Defence Force. It is being drafted and we will do so as soon as possible.

Question No. 33:

Mr. D. J. H. THOMPSON: To ask the Minister of Finance and Economic Affairs.

1. Will the Minister state how much money, if any, has been allocated and actually spent by the Government on the Girl Guides and Boy Scouts respectively for the years 1995 to present?

Rt. Hon. O. S. ARTHUR: Twenty-four thousand dollars has been provided since 1995 for the Girls Guide and \$17 000 to the Boy Scouts.

Question No. 34:

Mr. D. J. H. THOMPSON: To ask the Minister of Foreign Affairs and Foreign Trade:-

1. Will the Minister state the full cost of the establishment of a Barbadian Mission and related trade or foreign policy offices in Geneva?

Hon. Miss B. A. MILLER: The permanent Mission of Barbados to the United States at Geneva was established in June 1998. The Mission is also accredited to the World Trade Organisation and covers the following agencies:

United Nations Conference on Trade and Development (UNCTAD).

World Intellectual Property Organisation (WIPO).

United Nations Commission on Human Rights.

United Nations Environment Programme.

World Health Organisation.

UNAIDS.

The International Labour Organisation.
4.15 p.m.

Hon. Miss B. A. MILLER: It was decided to phase out the Mission's development over a period of two years. The cost to operate the Mission during the period June, 1998 to March, 1999 was \$174 848.37. During that time the Mission was staffed by one individual at the level of Chargé-d'affaires, falling under the jurisdiction of the Ambassador at Brussel. For the financial year 1999-2000, the cost to run the Mission was BDS\$549 326.03; for the period April, 2000 to December, 2000, which is when the question was asked, the cost to operate the Mission was BDS\$625 437.43.

Rt. Hon. O. S. ARTHUR: Will my distinguished friend, the Minister of Foreign Affairs and Foreign Trade confirm that the absence of a Barbadian Mission and the failure of Barbados like many developing countries to have a presence in Geneva for the purposes of negotiating multilateral trade negotiations, seriously compromised our ability to get a proper deal in multilateral trade negotiations known as Uruguay Round, and will the Minister please, therefore, confirm that the Government of Barbados will use the existence of a presence of a Mission in Geneva on this occasion to make sure that Barbados' best interests are served in the future Rounds of multilateral negotiations?

Hon. Miss B. A. MILLER: Mr. Deputy Speaker, I so confirm. Indeed, it is fair to say that the presence of the Mission at Geneva is proving to be worth every penny that we invest in it and more.

Rt. Hon. O. S. ARTHUR: Will my distinguished friend please confirm that Barbados made its scheduled commitments to the WTO in April, 1994 in conditions such as to prevent widespread propagation of the contents of those commitments to the public? Would my Honourable Friend also confirm that it was a great shame a presentation purporting to be a Budget presentation was made just days before those agreements were, in fact, made but no mention was made in that purported budgeted presentation of an important commitment to the World Trade Organisation?

Asides.

Hon. Miss B. A. MILLER: I can so confirm, Sir. In fact, these matters were never discussed in the public domain.

Asides.

Mr. DEPUTY SPEAKER: Any more Supplementaries?

Mr. D. J. H. THOMPSON: Will the Minister confirm that in his reply to the Budget in 1994 the Honourable Member for St. Peter expressed grave reservations about a Barbados Labour Party Government entering into any of the commitments relative to free trade which were then proposed either under the WTO Agreement or otherwise?

Hon. Miss B. A. MILLER: Mr. Deputy Speaker, I have no such recollection.

Asides.

Rt. Hon. O. S. ARTHUR: Will my distinguished friend, the Honourable Minister of Foreign Affairs confirm that it has been the policy of the Barbados Labour Party, in Opposition and in Government, to promote the best precepts not so much of free trade and fair trade that works to the developmental interest of the people and the Government of Barbados?

Asides.

Hon. Miss B. A. MILLER: Mr. Deputy Speaker, I can so confirm. In fact, in this respect Barbados has become a model, not only in the developing world but in the developed world as well.

Asides.

Question No. 36

Mr. D. J. H. THOMPSON: To ask the Minister of Tourism:

(ii) Will the Minister state whether the Government proposes to rebuild a hotel on the site of the former Hilton Hotel?

(ii) If so, will the Minister also state

- (a) whether any contract or other commitment exists for the financing, ownership and construction of any new hotel;
- (b) the projected and/or estimated costs of the proposed hotel; and
- (c) the date when construction will begin?

Hon. N. A. LYNCH: Yes, Sir. The Government proposes to build a hotel on the site of the former Hilton. There is a commitment to ownership to finance the construction. The estimated cost is US\$76.5 million and the construction will begin on May 31, 2001.

Mr. D. J. H. THOMPSON: Will the Minister please confirm that besides the ownership of shares by the Crown, whether there is a very leading institution belonging to the people of Barbados who is a major shareholder in this project?

Asides.

Hon. N. A. LYNCH: Yes, Sir. The National Insurance Scheme, Sir.

Rt. Hon. O. S. ARTHUR: Will the distinguished Minister of Tourism and International Transport further indicate that in addition to attracting equity interest from an entity owned by the Crown, that this exciting project has attracted equity involving private interest particularly those that have a high worldwide reputation in this sphere?

Asides.

Hon. N. A. LYNCH: Sir, it has.

Rt. Hon. O. S. ARTHUR: Sir, tell us who those people are?

Hon. N. A. LYNCH: Yes, Sir, the Hilton International. Sir.

Hon. Sir HENRY FORDE: Will the Minister confirm that the majority of shares in this company will be owned by either the Government or the people of Barbados both in the public and private sector?

Hon. N. A. LYNCH: Yes, Sir. They will be.

Asides.

Mr. D. J. H. THOMPSON: Will the Minister confirm that the contract for the construction, finance and ownership of this new hotel will be laid in this House prior to the commencement of construction?

Hon. N. A. LYNCH: Sir, it will be laid at the appropriate time.

Asides.

Rt. Hon. O. S. ARTHUR: In view of the fact that the accounts for the original Hilton Hotel when it was built under the Democratic Labour Party were all destroyed in a mysterious fire that took place under the Democratic Labour Party, will the Minister please ensure that all of the accounts for this hotel are laid properly in Parliament on this occasion as soon as the hotel has been constructed?

Hon. N. A. LYNCH: Most certainly, Sir.

Question No. 38

Mr. D. St. E. KELLMAN: To ask the Minister of Agriculture:

1. Will the Minister state the Government's policy in relation to the poultry industry and, in particular, how does the Government propose to deal with the effects of the removal of trade barriers?

Asides.

Mr. D. St. E. KELLMAN: Sir, to the Minister of Agriculture, I beg that it be laid.

Hon. A. P. WOOD: Sir, it will be laid.

Mr. DEPUTY SPEAKER: We will now revert to Government Business.

Asides.

GOVERNMENT BUSINESS (Recommitted)

ORDER NO. 9

RESOLUTION TO APPROVE THE VESTING UNDER SECTION 5 OF THE CROWN LANDS (VESTING AND DISPOSAL) ACT, CAP.225 IN THE NATIONAL HOUSING CORPORATION OF PARCELS OF LAND SITUATED AT GRAZETTES, ST. MICHAEL FOR THE PURPOSE OF HOUSING DEVELOPMENT

Hon. G. A. CLARKE: Mr. Deputy Speaker, the Resolution before this House seeks permission to vest 993.7 square metres of land at Grazettes Great House, St. Michael, to the National Housing Corporation. Mr. Deputy Speaker, the Cabinet at its meeting on November 5, 1998, considered and agreed that these six lots at Grazettes Great House totalling the mentioned square metres should be vested in the National Housing Corporation. The property was formerly owned by Ms. Edith Thorne. Lot 1 which

contained 16 490 square metres was sold to the Methodist Trust Corporation of Barbados Incorporated. Lots 3A and 3B contain what was formerly the Grazettes Great House, while Lots 1, 2 and 3C and 3B are currently vacant. These lots were offered for sale to the Government and the Government accepted and purchased these lots under a private treaty arrangement.

Mr. Deputy Speaker, the National Housing Corporation programme for this area has envisaged that 80 lots are proposed for this site ranging between 4 000 and 8 300 square feet.
4.25 p.m.

It also proposes to have the Grazettes Great House restored and utilised as a community centre. So far, there are a number of applicants for the three houses that are currently in the Grazettes Great House compound and the Government is looking at a private sector partnership arrangement to restore this property.

Mr. Deputy Speaker, I should also like to point out at this time that the National Housing programme is really producing and the Corporation is returning to its financial position. At this time, we are completing projects at Country Road where there are 24 units. We are also completing 56 high rise units at Bush Hall.

It is also important to note that by the end of June, 400 lots will be ready for sale to the public, 220 lots at the Lower Burney area, 120 at Blackmans and 80 at Jackmans.

Mr. Deputy Speaker, several persons have received notices from the court, from lawyers and also verbal notices and we are hoping that over the course of the next two months, we would be in a good position to provide lots for these people. We are going to treat those notices as special cases where the people will be given priority.

Our records show, Mr. Deputy Speaker, that there are still a number of persons seeking house spots and over the next two or three months, the National Housing Corporation will be seeking to go to tender for a number of other lots. We have started and by September we should be in a position to develop lots at Grazettes, Walkers, Mount Pryor in St. Lucy, Rices, Church Village, Lancaster and Sledge Pond. Also, by the end of the year, we will be putting another 500 lots for sale to the public.

Sir, 400 lots will go on sale by the end of June and then we are going out to tender for another 500 lots at various places throughout the country.

With those remarks, Mr. Deputy Speaker, I beg to move that this Resolution do now pass.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, it surprises me that whenever we come to this Parliament and there is a conclusion in a land purchase, we always hear that it has been done by private treaty and we are never given the amount of money spent by the Government purchasing the particular parcel of land.

I am taking this opportunity, Sir, to ask the Minister of Housing, how much money has been paid to the owners for the land at Grazettes. I would also like him to tell this House how many times since 1994 or since he has taken over the charge at the Ministry of Housing, he has entered into an arrangement on behalf of the people of Barbados and on those occasions, how much money he has paid for the various parcels of land that he has entered into agreements, using the process of private treaty?

It was also said not too long go, Sir, that Mount Pryor will be developed. I think it is a bit disgraceful that the National Housing Corporation, and I am not going to blame the Minister at this point in time for this, but since 1994, Mount Pryor in St. Lucy was given to the National Housing Corporation to be developed into house lots and seven years after, nothing has been done.

Seven years later, nothing has been done at Mount Pryor to give the people of St. Lucy housing lots and I would like to know from the Minister of Housing if Mount Pryor is the only land identified in St. Lucy for house lots or whether, Sir, the land at Lowlands will be used for house lots and the Cottage in St. Lucy. Also, what is the position about the land at Lamberts and Harmony in St. Lucy?

I would like the Minister of Housing to tell me how many of the sites I took him to visit have been approved by the National Housing Corporation for lots, and, Sir, if he, the Honourable Member for St. George North, will use his good offices to impress on the Minister of Public Works to provide a proper bus service when these sites are developed?

They will recognise that the Transport Board is now providing a disservice to the people of St. Lucy. I have said already in this House that I do not have any problems with ZR vehicles servicing our house lots in St. Lucy. As it stands, Sir, about three or four ZR vehicles have been removed from St. Lucy and I would like them restored to those routes to service the houses and the lots in St. Lucy.

Mr. Deputy Speaker, I want through your good offices, Sir, to find out from the Minister of Housing how many house lots we will be getting because the Honourable Member must understand that road construction is going on along those housing lots. It has been alluded to by the Minister of Housing, Sir, that he will be putting lots all over Barbados and he mentioned Mount Pryor which gave me the opportunity to speak on the particular matter.

Mr. Deputy Speaker, I am hoping that we could find out from the Minister of Housing how much money has been paid to the people in Grazettes out of the money that was voted by the Parliament of Barbados to purchase house lots.

The next thing, Sir, we are also entering a very dangerous period in our development because even though we have a lot of rab land in Barbados, I am observing that our best lands are now being used for housing purposes and that is a dangerous trend. I believe that the best land and the most profitable lands of Barbados will be those lands that used to be regarded by the planters of Barbados as the most profitable lands.

We are at a stage where a lot of people believe that the lands on the seashore of Barbados are the best lands but I honestly believe that agricultural land is the best land and, Sir, this Parliament should do everything in its power to stop the Minister of housing from utilising good agricultural land to be used for house spots. We have too much rab land in Barbados and if we do not do something about that, Sir, we are going to destroy good agricultural land of which we will have no more uses for because we would not be able to convert it back to agricultural land and we will find ourselves short some day.

4.35 p.m.

I am asking the Cabinet of Barbados to have some control over the Minister of Housing and Lands. I believe that the Minister of Agriculture should be able to convince his comrades in Cabinet about the importance of good agricultural land and that when we take it out of agriculture and put it into housing that we will create a particular problem for ourselves. Therefore, I hope that after this afternoon that at least the Cabinet of Barbados will have the strength to impress on the Minister of Housing and Lands that it is not the number of house lots that you want to provide but that it is the full usage of the rab land that we have and that is the road we should go first.

We should fully utilize our rab land first before we touch our good agricultural land. It is my opinion that we have enough rab land in Barbados that we can use and we do not have to interfere with the agricultural land in order to get housing lots in Barbados. That is why when I took the Minister on a tour to the constituency of St. Lucy I was able to show him that there is enough rab land throughout Barbados and that we do not have to interfere with our agricultural land because, Mr. Deputy Speaker, once we have converted agricultural land into housing lots there is nothing we can do to convert it otherwise. That warning should not only come from this Side, Sir, but I also believe that the Minister of Finance, the Minister of Agriculture and Rural Development, and even the Minister of the Environment, Energy and Natural Resources, should be able to call the Minister of Housing and Lands in Chamber and lecture him about the good quality of good agricultural land.

I thank you very much.

Hon. Sir. HAROLD St. JOHN: Mr. Deputy Speaker, I would just like to say that I share the concern of the Honourable Member for St. Lucy about the conversion of good agricultural land into house spots, but I do not believe that the evidence indicates that the conclusion of the Honourable Member for St. Lucy is accurate.

As I understand it, the Town and Country Planning Laws of Barbados govern the conversion of land from one use to another use. Barbados has been the subject of Town and Country Planning regulations since 1961 and the greatest degree of conversion of agricultural land to housing took place between 1986 and 1975. During that period, 17 000 acres of agricultural land were converted into housing lots and for other purposes other than agricultural purposes. Subsequent to that year, the Physical Development Plans have been the subject of very great publicity.

Indeed, the amendments of the Town and Country Planning Law in 1972 necessitated that the Physical Development Plans should be prepared and published and that an inquiry into their suitability had to take place and, subsequent to that, they have to be approved by this Honourable House. Now, I well recall that in one of those Development Plans, the enquirer was the now Chief Justice, Sir Denys Williams and in another one the former Justice, Mr. Colin Roachford was the person who held the public enquiry. I understand that there is a current development plan which has been prepared and I believe the present Ombudsman is the person who is doing the inquiry which will come before Parliament.

I do not think it is right that the impression should be given that the Minister of Housing and Lands can, at his own discretion, convert agricultural land into house spots. That is not possible under Barbadian law. Number one, the Minister of Housing and Lands is not the man responsible for Town Planning in Barbados.

Sir, I would also like to point out that every Physical Development Plan that I know of, and the one that is being dealt with now, has designated approximately 30 000 acres of land for agriculture. The basis of all the Physical Development Plans is between 30 000 and 32 000 acres of land for agriculture.

The point is, Sir, although it is a valid point that we have rab land, the rab land that is in Barbados, in some instances, I have been advised because I have been studying this for a long period of time, is so far away from the services that would be necessary to make those lands – I am not saying all of the rab land I am saying some of the rab land – that it would be more economical to leave those lands and to

utilize what they call some land which is not necessarily rab land but which is so physically situated in relation to the services.

The truth of the matter, as the Honourable Member for St. Lucy may soon come to realize, is that Barbadians have their own conception of where they want to live. Parts of St. Lucy, like St. John, St. Andrew and St. Joseph. In parts of St. Lucy, there are areas where people are migrating from and moving towards other areas. There will ...

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Member is misleading the House, Sir. I believe that the speech he is making was relevant to the 70s and the 80s, but the truth is, in the year 2001 the opposite is happening. Everybody now wants to live in St. Lucy, Sir.

Hon. Sir. HAROLD St. JOHN: Everybody would want to live in Half Moon Fort, an area which the Barbados Labour Party has systematically worked on and urbanized which the Honourable Member is now taking advantage of and has moved from the country part of St. Lucy down into the urban areas of St. Lucy at Half Moon Fort. I agree that there is a demand for land in that part of St. Lucy so that ...

Asides.

Hon. Sir. HAROLD St. JOHN: For the Honourable Member's information, one of the first housing schemes which was built in Barbados was built at Clinketts in St. Lucy, right next to Half Moon Fort. The point we must get clear is that there is a procedure for conversion of agricultural land into other uses. The point that we must also get clear in our minds in the parliamentary process that we have is that Parliament participates in land use decisions in Barbados and what we have not been having is a subcommittee of Parliament which should do the most intensive investigation of the proposed Physical Development Plans before they are approved by Parliament. I hope that when this Physical Development Plan comes for parliamentary approval, that a subcommittee of this House will be appointed and the most intensive investigation of all of the proposals will take place because it is only if we have a bipartisan approach to this question of land use that a lot of the misinformation that has taken place in Barbados in relation to it will be removed.

I believe that there is a process that is sufficiently broad-based and that this lack of information should not be as current as it is.

Hon. R. D. MARSHALL: Mr. Deputy Speaker, I rise in support of this Resolution before this Chamber. Mr. Deputy Speaker, this property at the Gazettes Great House is a property with some history to it. This history dates back to the 17th Century.

This house was built in the 17th Century but the more recently built part of the Great House was done around 1850. At one time it was owned by London Bourne who also owned the property at Bay Street on which now stands the London Bourne Towers.
4.45 p.m.

Sir, this property is part of the old Grazettes Estate which extended from the area of the Great House right beyond where the Grazettes Industrial Estate now stands and it went through the Cave Hill area. The property is part of the Grazettes Estate which comprises some 280 acres of land which was planted in both sugar cane and tobacco. This plantation stretched, as I said, beyond the Grazettes Industrial Estate and around the Cave Hill area. The areas of Pillerdorf Development and Grazettes Court were all part of the Grazettes Plantation.

The late George Rogers also bought into this subdivision and was able at that time to develop land and make a large sum of money on the development of this land. The property was sold to the Thornes who were related to the late Tom Adams from his maternal side. The Thornes in dividing this property kept 39 937.5 square metres in the estate and they sold and subdivided it into Lot No. 1, the Methodist Church and retained Lot No. 2 comprising 5 655.2 square metres, Lot No. 3A, 66 248.8 square metres, Lot No. 3B, 7 852.4 square metres, Lot No. 3C, 2679.9 square metres and a very small Lot No. 3D, 905.2 square metres.

Sir, the complete property under discussion today comprises one Plantation Great House built of coral stone structure with huge cellars and some of the original wood beams and structures are still intact. It also has on the property a cottage formerly the boarding house, now named Manningham College also with an old windmill with the wall still intact. It also has one house, formerly a tobacco curing house now named "Burning Wood". One would now understand what was meant when I mentioned that it has some history to it.

In early 1997, I was looking for some land in the constituency of St. Michael West Central that could be used for the purpose of lots to build houses for the people of St. Michael West Central. I spoke to the Rev. Leonard Rock of the Methodist Church who was responsible for the lot owned by the Methodist Church and I was directed to a Miss Small who was part of the Thorne's family who was responsible for the five remaining lots.

The Ministry of Housing and Lands' officials visited the area for me in 1997 and again in 1999. The property was then acquired by the Ministry of Housing and Lands.

Mr. Deputy Speaker, this Government is committed to providing houses for the people of Barbados. In some cases, complete properties of house and land are provided and in other cases just the house spot will be provided for the

people. This particular area is being provided for a dual purpose. There are 80 lots being offered and on half there will be house spots offered for sale and the other 40 lots will have architecturally designed houses. We are looking to have about four or five different model houses available for sale to the people. This will be lots of about 5 000 square feet each.

Sir, we are hoping to offer, as I said, these lots and houses for sale. There are also two lots on the left side of the road. Each lot is at the corner of the Scott Terrace area and we are also hoping to erect two quads. A quad is a building which can house four different families and these quads would be made available to the general public for sale.

In the same area of Grazettes stands another area on a hill overlooking the Bridgetown Port. It has good drainage, good road infrastructure and the Rogers Quarry can be used as a play area for children. It has a very good bus route and it also has two good primary schools. They are the Grazettes Primary School and the L. T. Gay Primary School. It also adjoins the urban area and the Parkinson Gap where the Urban Development Programme is also looking at the development of some four or five areas of land which can be used for house spots. This will be developed for some 40 lots.

I would really like to congratulate the Minister of Housing and Lands for the effort he has made in providing these lots to the people of St. Michael West Central. I thank you, Sir.

Hon. G. A. CLARKE: Sir, I would just like to briefly answer the question by the Honourable Member. This is ten acres of land and the Government paid \$1.4 million for it. This is not agricultural land and it is purely land for building.

With those remarks, I beg that this Resolution do now pass.

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

The question that the Resolution do now pass was put and resolved in the affirmative without division.

ORDER NO. 6 – TO MOVE THE PASSING OF A RESOLUTION TO APPROVE THE VESTING UNDER SECTION 5 OF THE CROWN LANDS (VESTING AND DISPOSAL) ACT, CAP. 225 IN THE NATIONAL HOUSING CORPORATION OF LAND SITUATED AT HAGGATT HALL, ST. MICHAEL TO PROVIDE SERVICED HOUSING LOTS FOR PEOPLE LIVING IN ST. MICHAEL

Hon. G. A. CLARKE: Mr. Deputy Speaker, this Resolution seeks to vest five parcels of Crown Land totaling

2 223.6 square metres at Cutting Road, Haggatt Hall, St. Michael to the National Housing Corporation. This housing development was conceived to accommodate persons displaced by the provision of the Tenancies Freehold Purchase Act and those persons to be relocated from the Zone One area at the Belle, St. Michael.

In May 1994, the Board of the National Housing Corporation agreed that these lots should be sold to the trustees of the Acts Community Deliverance Centre at a price of \$60 000. Since the land was designated as a residential area, the Chief Town Planner did not give permission for the church. Similarly, the Crown was able to give the church permission to purchase a piece of land at the Lower Burney area. This Resolution seeks to vest this land in the National Housing Corporation.

With those remarks, Mr. Deputy Speaker, I beg that this Resolution do now pass.

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

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

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, I rise to speak on this particular Resolution but I am a bit confused with the explanation given about the church. This reason for the removal of the church has already been debated on that said area of land. For the first time, Sir, I am hearing that the church was removed from that area because the Chief Town Planner did not give permission.
4.55 p.m.

I have always been told that the National Housing Corporation did not want the church in that particular location because they felt that the church should not have been given permission to have that particular area of land. I think it would be fair to this House for the Honourable Member for St. Michael South East to speak on this particular matter because I remember defending the Honourable Member on many occasions for the right of the church to remain on that particular piece of land.

If I am now hearing that there is a different reason I would like clarity on this issue. We had the one explanation from one Minister of Housing and now we are hearing an explanation from another Minister of Housing, which is creating confusion over an issue I thought was settled before. I want to know from this House which Minister is misleading this House.

As you know, Sir, this House cannot be misled by any Member of Parliament. It is an offence to mislead the House and I seek clarity from you, Sir, seeing that the Minister who

spoke last would have to be the one to clarify to you this particular matter. As far as I know, Sir, the Chief Town Planner did not remove the church from Hope Road in St. Lucy nor from Six Men's in St. Peter. I would like to know why the Chief Town Planner would remove a church from Cutting in Haggatt Hall and put it in a development in Bourne's Land. I would like to know when the church was removed.

Hon. G. A. CLARKE: I never told this House that the church was removed. I said that permission was not granted for the church at Cutting Road.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, that is even better. I would like to know why the Chief Town Planner did not give permission in Cutting Road but he gave it in another development and he also gave it in Six Men's, St. Peter. It does not add up, because the Minister who was in this Parliament at that point in time when the church had to be removed never said anything about the Chief Town Planner and permission. It was an in-house thing of the National Housing Corporation.

I am challenging the present Minister of Housing to deny that it was the National Housing Corporation which removed the church because they did not want a church in Cutting. It was the National Housing Corporation that stopped the church in having the right to a piece of land in Cutting, a nice development that would have been able because of the location to spread the gospel according to Christ and help us solve the crime problem that we now have in Barbados. Because of its location it would be able to influence the young people, but the National Housing Corporation, because they did not want to be associated with the church, removed the church from Cutting.

As you know, Sir, Haggatt Hall is an area where if you have a church it allows it to spread the gospel over a wide area. They deprived the church from spreading the gospel. Now the present Minister is coming to this Parliament to put the blame on somebody else who never refused to sell the church the land. It was the National Housing Corporation that sold them and then took it back from them.

The Honourable Member for St. George North has to explain to this House whether it was the National Housing Corporation, as all of us know, or whether it was another party that he has included in this debate that was never in this debate. Thank you, Sir.

Hon. G. A. CLARKE: I must say the church is happy where they are at Lower Burney and happy that they got permission to build a new church. The National Housing Corporation never took away the land from the church but the church is quite happy where they are.

With those remarks, I beg to move that this Resolution do now pass.

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

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

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, that concludes Government's Business for the day.

I beg to move that this House do adjourn until Tuesday, May 22, 2001, at 11.00 o'clock in the morning.

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

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

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KELLMAN, Mr. D. St. E. (St. Lucy)
LYNCH, Hon. N. A. (St. Michael South)
MARSHALL, Hon. R. D. (St. Michael West Central)
MILLER, Miss B. A. (City of Bridgetown)
MOTTLEY, Miss M. A. (St. Michael North East)
SIMMONS, Hon. D. A. C. (St. Thomas)
ST. JOHN, Sir Harold (Christ Church South)
WOOD, Hon. A. P. (St. Philip South)