
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, November 20, 2001

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, November 20, 2001.

PRESENT

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

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

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

Hon. Miss M. A. MOTTLEY, LL.B. (Attorney General and Minister of Home Affairs) (Leader of the House)

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

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

Mr. L. R. TULL, Q.C., M.A. (Oxon.)

Hon. Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

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

Hon. R. C. EASTMOND, B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C., J.P. (Minister of Labour and Social Security)

Mr. D. CARTER (Chairman of Committees)

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

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

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

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

Mr. M. Z. WILLIAMS

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

Rev. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (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, B.Sc., M.Sc. M.Phil., J.P. (Minister of Agriculture and Rural Development)

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

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

Prayers were taken by Rev. Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, November 13, 2001.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, November 13, 2001, which Minutes have been circulated, be taken as read.

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

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

PAPERS

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

1. Annual Reports and Financial Statements of CRL Limited for the fiscal years January 1 to December 31, 1996, 1997, 1998 and 1999.
2. Annual Reports and Financial Statements of Hotels and Resorts Limited for the fiscal years January 1 to December 31, 1998 and 1999.
3. Annual Report of the Enterprise Growth Fund Limited for the fiscal year January 1 to December 31, 2000.

APPOINTMENT TO COMMITTEES

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to appoint Miss C. Y. Forde to serve on the following Committees:

1. Standing Orders Committee.
2. Library Committee.
3. Joint Select Committee on Law and Order.
4. Joint Select Committee on Family Law (Amendment) Bill, 2001.

REPORTS FROM SELECT COMMITTEES

Hon. R. N. GREENIDGE: Mr. Speaker, I beg to report that the Joint Select Committee on Employment Rights Bill, 2001 has met and I am requesting that the House grant leave for the Committee to meet for a further two months.

SUSPENSION OF STANDING ORDERS

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

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

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

GOVERNMENT BUSINESS

ORDER NO. 7 – TO RESUME DEBATE
ON THE BANKRUPTCY AND
INSOLVENCY BILL, 2001

On the motion of Hon. R. St. C. TOPPIN the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Part 1, Clauses 1 and 2 were called.

Hon. R. St. C. TOPPIN: Mr. Chairman, I wish to inform you that in Clause 2, Subsection 1, an amendment be made at the end of the definition of "Bankrupt" after the word "being" and insert thereafter "made," under Section 4, Subsection 10 of Part 3.

It will now read:

"Bankrupt means a person who has made an assignment or against whom a receiving order has been made."

Subject to that amendment, I beg to move that Part 1 stand part.

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

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

Part 2 was called and passed.

Part 3, Clauses 4 – 10, inclusive was called and passed.

Part 4, Clause 11, was called and passed.

Part 5, Clauses 12 – 37, inclusive was called.

Hon. R. St. C. TOPPIN: Mr. Chairman, the following amendments are to be made:-

On page 50, Clause 13, Subsection 2 insert the word "a" after the word "of" appearing in the first line.

Clause 16, Subclause 2 delete the word "is" appearing in the third line of paragraph (a) and substitute the word "its".

Clause 30, Subclause 4 delete the word "realising" appearing in the last line of paragraph (e) and substitute the word "releasing".

I beg to move that Part 5, as amended, stand part.

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

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

Part 6, Clauses 38 – 78, was called and passed.

Part 7, Clauses 79 – 133, was called.

Hon. R. St. C. TOPPIN: Mr. Chairman, I beg to amend the following:

In Clause 79(4) delete the word “ninety-two” in the last line of paragraph (a) and substitute the word “thirty-nine”.

In Clause 93(1) delete the word “trustee” appearing in the last line and substitute the word “bankrupt”.

I beg to move that Part 7, as amended, stand part.

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

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

Part 8, Clauses 134 – 160, was called.

Hon. R. St. C. TOPPIN: Mr. Chairman, these are the following amendments:

In Clause 135 delete the full stop appearing at the end of the third line of paragraph 2 and insert a semi-colon followed by the word “and”.

Deleting the semi-colon and the word “and” appearing in the final line of paragraph (®) and substitute a full stop.

I beg to move that Part 8 as amended stand part.

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

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

Part 9, Clauses 161 – 210, was called and passed.

Hon. R. St. C. TOPPIN: Mr. Chairman, there are four amendments to Part 9.

In Clause 163 of Subsection 6 insert the words “one or more copies thereof and a document purporting” immediately after the word “made” appearing in the third line.

In Clause 165, Subclause 2 delete the words “in respect of” in lines 3 and 4 and substitute the word “to”.

In Clause 172, Subclause 1 delete the number “201” appearing on the second line of paragraph (b).

In Clause 175, Subclause 4 delete the word “to” appearing at the end of the second line and substitute the word “in”.

I beg to move that Part 9, as amended, stand part.

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

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

Part 10, Clauses 211 – 222, was called and passed.

Part 11, Clauses 203 – 231, was called and passed.

Part 12, Clauses 232 – 247, was called and passed.

Part 13, Clauses 248 – 257, was called and passed. 11.25 p.m.

On the motion of Hon. R. St. C. TOPPIN seconded by Hon. R. N. GREENIDGE, Mr. CHAIRMAN reported to His Honour, the SPEAKER, the passing of one Bill as amended in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. St. C. TOPPIN, seconded by Hon. R. N. GREENIDGE, the Bill was read a third time and passed and cited as the Bankruptcy and Insolvency Bill, 2001.

ORDER NO. 16

A RESOLUTION TO GRANT THE SUM OF \$22 371 740 FROM THE CONSOLIDATED FUND AND TO PLACE IT AT THE DISPOSAL OF THE GOVERNMENT TO SUPPLEMENT THE ESTIMATES 2001-2002 AS SHOWN IN THE SUPPLEMENTARY ESTIMATES No. 4, 2001-2002 WHICH FORM THE SCHEDULE 1 TO THIS RESOLUTION AND THAT THE EXPLANATORY NOTES TO HEAD 19 AND HEAD 23 BE AMENDED AS SHOWN IN SCHEDULE 11

On the motion of Hon. R. St. C. TOPPIN seconded by Hon. Miss M. A. MOTTLEY, the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE OF SUPPLY

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

HEAD 19 – GENERAL MANAGEMENT AND CO-ORDINATION SERVICES

Rt. Hon. O. S. ARTHUR: Mr. Chairman, Sir, before I deal with Head 19, I would wish to seek the indulgence of the House, especially the Members of the Other Side, to make an amendment to the overall Supplementary. It is the intention of the Government to ask that we move into this Supplementary an amount of \$150 000.

The Government of Barbados and other Caribbean countries have agreed to provide emergency relief to Belize which was recently devastated by a major hurricane. The Government of Belize is in a position to build emergency houses at US \$6 000 per house. Our Government has committed itself to provide 25 houses to Belize as a gesture of solidarity at this time. One hundred and fifty thousand have already gone into this Supplementary and we need to move in an additional \$150 000 to cover that gesture.

If the House has no objection, I would wish this Supplementary to be amended by that inclusion.

Sir, the Government's financial position is still holding, but it is Government's intention to try to restrain expenditures to enable us to surmount any financial eventuality that might face us. This request for funds by the Ministry of Finance is a request to support activity that is entirely inescapable and will make a substantial improvement in a number of important areas of the country's economic and financial life.

Under Head 19, General Management and Coordination, an amount of \$1 677 500 is being sought. Of this amount \$1 147 500 is being requested to constitute Barbados' contribution to the Regional Tourism Emergency Programme.

As you may recall, the Heads of Governments recently met in the Bahamas and agreed on a Regional Tourism Emergency Marketing Programme to accentuate the sense of regionalism in our tourism development, and also, to bring a new emphatic approach to marketing the region across the world. It was also agreed that the Caribbean Development Bank should be approached to provide a loan to cover this amount. The Government of Barbados said that this amount is too small for us to seek to borrow because we are in a position financially to meet our own resources.

Therefore, \$41 147 500, under General Management and Co-ordination Services, is intended to be our Government's contribution to the Regional Emergency Tourism Marketing Programme. I suppose that the Minister of Tourism, who is here today, will want to update the Honourable House and the country with how this particular Programme has been going.

Sir, under this Head, General Management and Co-ordination Services, an amount of \$530 000 is now being sought to meet the expenses of the Government of Barbados and our contribution relating to the establishment of the Caribbean Regional Technical Assistance Centre.

I am glad for the opportunity that this occasion provides, to bring, I hope, final clarity to this matter. For a long period of time, there has been great concern expressed by every Government of the Caribbean that the technical

assistance provided to us as a region by the institutions who provide this assistance, both on a multilateral and bilateral basis, has often been inappropriate in our circumstances, did not have a sufficient regional and local input, has been expensive, often flows from a concept of the institutions themselves, as to what is the best interest of the region rather than from the region as to what is in its best interest.

The era in which we are involved and the era that is to follow shortly is one that will be characterised by a vast change in our economic and financial circumstances. There is no other region in the world that is as involved in the Caribbean in as many important negotiations as we are through our negotiation process with the FDAA, WTO and Europe.

May I say, that respective Caribbean economies, if I may put it that way, is at different stages of readiness in relation to the capacity to accommodate the changes that will be forced upon us by trade liberalisation. For example, in Barbados' case, we made a number of fiscal adjustments in the introduction of Value Added Tax to reduce our dependence upon taxes on trade in anticipation of the phase of trade liberalisation. There are some Caribbean countries that have not yet made the fiscal adjustment to trade liberalisation and will need consideration assistance in this particular matter.

11.35 a.m.

We all are aware that not only will trade liberalisation have a fiscal effect, but it will also have a production effect. It affects the fortune of our traditional industry and, as we are now aware, it also affects the fortunes of our newer industries. Therefore, this is now a period and will be a period of great turbulence in the Caribbean given the need of the region to come to terms with the effects of trade liberalisation and the other forces that are associated with a new global economy. Many parts of the Caribbean are not ready and will need greater assistance.

CARTAC is not a Barbadian institution; it is a regional institution and one through which all of the multilateral institutions and donor countries would, together, pool their resources and from a Caribbean base, provide economic and technical assistance on a whole range of economic and financial issues.

In our case, Mr. Chairman, one of the areas that will be dealt with at an early stage by CARTAC is assistance in the region in dealing with the supervisory and regulatory issues pertaining to the management of our international basis and financial sectors.

The House is aware, Sir, that many Caribbean countries have been stigmatised by negative ratings under

the Financial Action Task Force and the Financial Stability Forum. The House is aware of our on-going fight with the OECD on the matter of our tax system and transparency of our fiscal regime. However, it is quite true that almost every Caribbean country will need to engage experts in helping to put in place world-class best policies relating to supervisory and regulatory systems as it concerns the financial sector.

There have been International Conventions that have been involved in this matter but, in most Caribbean countries, one of the great deficiencies in the economic system is the fact that very, very few people are available to carry out regulatory and supervisory functions in relation to their financial system. Sir, it is quite true that the Caribbean Financial Sector needs to bring itself in line with international best practices. We, ourselves, are now seeking to put domestic and institutional arrangements in place to heighten our own fight and awareness against money laundering. We have found it to be a very expensive undertaking and one in which we ourselves from time to time do need technical assistance. One of the great virtues of the proposed CARTAC is that it is now going to be the institution through which our technical assistance to the region in the sphere of supervisory and regulatory functions to be applied to our financial sector will be mobilised. I believe it will assist us in addressing an area of regional deficiency that has been longstanding and needs to be addressed as a matter of urgency.

Mr. Chairman, I stress the point that CARTAC is not a Barbadian institution; it is not even an IMF institution. It was a deliberate decision of Caribbean Ministers of Finance and their Council of Finance. Two years ago, the Financial Ministers of the region met at a pro-fab meeting and decided that there was need for a regional centre to help us better provide for the regional technical assistance needs in the area of financial and economic programming. It is now a centre to be subscribed to by all of the institutions.

The United Nations Development Programme (UNDP) and the International Monetary Fund (IMF) will provide some of the management for the sector but it is important to understand that the work of the Centre will be governed by a steering committee made up of Caribbean professionals, of whom the Chairman is the Governor of the Central Bank of Barbados, so that, for the first time, there will be a strong dimension of ownership of the definition of our technical assistance needs in relation to important economic and financial issues in a way that was not there before.

Very often, the Caribbean tagged itself onto what the rest of the world was offering by way of technical assistance programmes and we got what we had deserved. Now, we will get what we need. I cannot over-emphasise the work of that proposed technical assistance Steering Committee that

will be chaired by our Central Bank Governor and will be made up of regional officials.

I must also say, Mr. Chairman, that this institution will disburse over \$10 million in technical assistance to the region covering 20 countries over the course of the next three years. Sir, by a large margin the greatest source of financing for such assistance will be the Government of Canada. I must use this occasion once again to thank the Government and the people of Canada for their great generosity and sense of enlightenment in approaching their relationship to the people of the Caribbean.

Canada has in many respects, Mr. Chairman, been the leading country in providing the enlightened support in the Caribbean even before debt relief became internationally fashionable. The House will recall that the Government of Canada agreed without any pressure to entirely cancel all of the loans that had been extended to Caribbean Governments. Their support to the region in every sphere has been extraordinary. Without the support of the Government of Canada, we would not have been able to have, for example, the World Bank (IMF) Committee embrace the Small States Report prepared by the Commonwealth. Sir, Canada's assistance to us in the grim days when we faced the challenge of the OECD was sturdy and ought to be commented on very favourably.

There has been an unnecessary controversy in this country about the intention of CARTAC. CARTAC is not an IMF institution; nor is it a way of trying to bring the IMF back to Barbados through the back door. It is a regional centre. I must stress that there were other Caribbean countries that were interested in having a regional centre located in their jurisdiction for the provision of technical assistance and Barbados was chosen by the Internal Donor Community as the preferred place for the location of such an important regional institution.

Sir, I must therefore make the broader point that the establishment of this institution is in keeping with the Government of Barbados' stated policy to have Barbados establish and emerge as the preferred location for the work of regional institutions serving the Caribbean. This is obviously going to be embellished later this year when we expect the Secretary-General of the United Nations is coming to Barbados to open the United Nations Centre.

During the course of this year, a number of other entities have decided to locate regional institutions in this country. It is an important form of economic activity and, in this instance, will allow us to have access to technical assistance relevant to our needs on a matter that is crucial to Barbados' best interests.

Obviously, in these matters, Mr. Chairman, there are certain post-Government obligations to be met. The Government of Barbados has, at its own expense, provided accommodation to CARTAC at the Insurance Corporation of Barbados building. We also have to make a contribution to meeting the cost of the technical assistance and this \$530,000 is intended to complement that.

I just want to say, Sir, that there has been a regional centre for technical assistance in the Pacific region for the last ten years. From a regional approach and for the last ten years, all of the small islands in the Pacific have benefitted by the provision of technical assistance from the international community.

Sir, I make that point because CARTAC has guaranteed for it funds for only the first three years. If it were to become necessary to the region itself to sustain this Centre beyond three years, I think we should follow the lead of the Pacific and keep a Caribbean Regional Technical Programme Centre in place. All of us who have ever had ministerial responsibilities will know how very wasteful it can be in appropriate technical assistance. I cite that only for the purpose of graphic illustration. This country, under two Administrations, had received technical assistance to carry out health rationalization studies which ran into millions of dollars. One study was done by the North Western University and the other by Boston University, both costing millions of dollars, while none of them led to any beneficial or measurable effects on rationalization on the health care sector. This is, in large measure, the result of a long-standing Caribbean syndrome. We have been the victims of misapplied technical assistance over too long a period of time, such that it is in our best interest now to correct it.
11.45 a.m.

Mr. Chairman, there have been a lot of complaints levelled against the VAT Division for its tardiness in making refunds available to the general public. In some respects that tardiness has been related to the fact that there is limited accommodation at the VAT Office, so it was not in a position, hitherto, to recruit the full complement of staff necessary to carry out its functions as is established under the law.

Sir, because of the construction of the ICB Building on Roebuck Street, we should be able to provide the VAT Division with the requisite accommodation. It is proposed that the VAT will speedily recruit the additional 20 persons to carry out, Sir, the very important work of meeting the public's expectations in relation to the timely refunds of the VAT. Sir, this is being provided for under that part of Head 39, dealing with Revenue Collection, including Customs and the VAT.

Another aspect of that, Mr. Chairman, is to provide for the cost of having local calling premises of the various departments such as Customs and the Police at Port St.

Charles.

Mr. Chairman, Port St. Charles, as you know, was dedicated as a Port at a cost to the investors. The building was erected and constructed for the Marina at a cost to the investors. The Government did not build or equip the building. It was built by the investors at their expense as an obligation of having Port St. Charles designated as a Port.

The investors of Port St. Charles also erected a very fine building to house the Police, the Immigration Department and the Customs Department. However, we now have to meet the cost of the persons who are stationed there which includes overtime, and utility costs, and a part of this Supplementary, Mr. Chairman, is intended to cover those costs.

There are also certain utility expenses related to the installation of an updated UMB system at the Treasury Department. I am relying here on faith because I could not tell you what is a UMB system or TBL lines but the general point I want to make to the House through you Sir, is that there is an intention to upgrade the information technology available to all of the Government's revenue departments to enable them to carry out their responsibilities with greater efficiency, and this is in line with that undertaking.

Mr. Chairman, I have covered most of the matters falling to the Ministry of Finance. I am obviously, Sir, open to questions to further clarify the purposes for which these funds are being deployed. I think the House will agree, that given what I have said about CARTAC, that is, funds to be well spent, Barbados will get more than value for money from having access to the facilities.

Sir, that Ms. Cherubim, who is one of our local experts in supervisory and regulatory systems, and the Chairman of the Anti Money-Laundering Unit, have both been engaged as the first regional experts at CARTAC, we want to really make an impact as soon as practicable on the improvement in the supervisory and regulatory systems of the Financial Centre. It is our great hope, Sir, that other regional experts of that character, with strong regional experience, will constitute the pool of expertise that CARTAC will make available across 20 countries.

Sir, I do not think the House will begrudge the people of Belize having access to 25 houses as a gesture of goodwill from the Government of Barbados.

I want to stress the point, Sir, that this Supplementary is intended to make sure that the VAT Office is more expeditious in accessing and making refunds available to the public. They could now recruit the full staff that they were not in a position to house when they were dealing

from a place with limited accommodation. I would imagine, Sir, that is one of the anticipated end-all results of this Supplementary that is before the House. This is money therefore, Mr. Chairman, that will be well spent.

I therefore beg to move that Head 19 stand part.

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

Mr. D. J. H. THOMPSON: Mr. Chairman, first of all let me say that the funds which have been designated for the Government of Belize as emergency assistance or relief, to my mind, is the kind of assistance that we should extend to countries in the Caribbean once they face crises of this magnitude.

In Belize, even the slightest abnormal weather system can create severe damage because the City is low lying and it also has other areas, coastal and even beyond the immediate coast, which have to be protected. Sir, the fact is that Belize is not a particularly well developed country physically, and I believe that we should render every assistance.

I hope that as we reflect on what is happening throughout the region, the Government will do everything in its power – I am not saying this is one of the means by which it must do it – to afford Barbadians the opportunity of participating more and more in these kinds of investments.

When one looks around the Caribbean, and even when we reflect on what the Government has put in place by way of its emergency economic package, particularly in the area of agriculture, one wonders whether it may not make more sense, in addition to what is done in Barbados, for the Government to make strategic investments in regional countries in agricultural enterprises. In other words, not everything can be done in Barbados and sometimes there is money well spent if we identify other countries, if they will allow us, in which strategic investments can be made – Guyana, Trinidad, Suriname, Belize, in particular.
11.55 a.m.

Sea Island Cotton is not only grown in Barbados but there is something about Barbados selling cotton. The Honourable Member for the City spoke about Sea Island Cotton the other day. Yes, it can grow in Barbados but we can make strategic investments as a country once the resources are there in other cotton industries, the fishing industry and so on throughout the Caribbean but I do not think that we do enough of this.

If there is a concern, that should be in addition to the concern addressed this morning about the deficit that the region suffered in terms of coordinating its request for technical assistance. It should be about the fact that we have not yet been able to identify how best to get those kinds of arrangements in place that would facilitate those strategic

investments.

Therefore, we are always prey to investors from North America, Europe and Japan, or people who do not even speak the language we speak, and there are some who have never visited our countries before and know nothing about the region and very often what they invest in are activities in which Barbadians have a very strong track record and for which we should also be given an opportunity. So that even where we are given emergency assistance, and I am not saying in this particular case it is so, we also need to see how Barbadians can get involved in activities of this sort.

On the second matter which is the question of the Caribbean Regional Technical Assistance Centre (CARTAC) the Prime Minister has found himself in the bogs or in what you would call quicksand, but he put himself there. I have not said a word publicly about CARTAC and ...

Rt. Hon. O. S. ARTHUR: On a point of order. Mr. Chairman, Sir. The Honourable Member for St. John is misleading the House. I did not have to respond to him, Sir. I had to respond to the other leaders or potential leaders of the Democratic Labour Party who made CARTAC one of the most fierce issues, as we will recall, in the by-election in St. Thomas. So there is no bog at all, Sir. If he could have, when he was Leader, found a way to control the discordant voices of the Democratic Labour Party such that they would speak with one voice, there would have been no issue but a former Prime Minister spoke about it, and a person who had ambition that has not realised leadership also spoke about it.

Mr. D. J. H. THOMPSON: Mr. Chairman, Sir, that proves that I am not one of those persons because I have no such ambitions, because neither one of the ambitions attract themselves to me and, therefore, I know that I have been extricated from that. But if they needed assistance on this point, I could have given them because the Honourable Member for St. Peter himself played no small role in demonising the International Monetary Fund (IMF) when it suited him. Therefore, what would have started some weeks ago as a few jabs in a by-election campaign became more forceful when people saw the Honourable Member for St. Peter smiling fulsomely as he sat next to the Director-General of the International Monetary Fund (IMF).

Asides.

Mr. D. J. H. THOMPSON: I am going to get to that. Mr. Chairman, I do not think it is entirely true to say that there was not a coordinated attempt to define technical assistance needs, but I will agree with the Honourable

Member for St. Peter that that attempt was not driven by the Caribbean itself.

There has been for many years, the Caribbean group for cooperation and economic development which was almost like an auction, if you want to call it that, of services in which entities that provide technical assistance were going to make assistance available to the Caribbean on their terms and in the areas in which they thought we needed assistance. Some of it was bi-lateral but sorted out through the institution and some of it was institutional assistance so that an entity did exist. My question, therefore, would be, will that arrangement still obtain or will it be part of the new arrangements with CARTAC?

I do not oppose the concept of the region coming together and identifying its technical assistance needs, but strongly recommend that it not be a matter to be dealt with via the CARICOM Secretariat. Therefore, if you could set up another institution that would unburden CARICOM from its already difficult record to offer support in terms of managing technical assistance to the region, then that is desirable.

What the Honourable Member for St. Peter needs to come to terms with is that when one examines the record between 1991 and 1994, despite the rhetoric of the Honourable Member for the City about the fact that an International Monetary Fund (IMF) officer was around here in Barbados, that the very presence of that kind of technical assistance however you describe it, and you can describe it in the worst terms you want it, introduced a higher level of efficiency and discipline to that area of the public service in Barbados, not because the public service was by itself not efficient but because, as we will get to the public sector debate in due course, and as the Honourable Member for St. Peter will discover, sometimes the internal mechanisms within a particular ministry do not lend to that level of efficiency and deadline meeting and so on.

Very often if you have an entity outside, I will give one very clear example – we could never ever get a handle on the levels of indebtedness of statutory corporations and on the positions of many of our statutory corporations. Despite what the Honourable Member for St. Peter will say in this debate, I am certain he cannot today with any level of honesty look at all of the statutory corporations and all of the private companies owned by Government and immediately give me a daily position relative to their operations. That is why the Honourable Member for St. Peter has had to intervene and send to the National Housing Corporation (NHC) on several occasions to clean up the complete mess relative to the construction of the building at Warrens and at other projects which the NHC was involved in because he needs to get a grip on the position of those...

Rt. Hon. O. S. ARTHUR: On a point of order, Mr.

Chairman. The National Housing Corporation (NHC) is administered by a board of directors and a minister who are fully competent to carry out the work of the corporation as stipulated by law. Therefore, I would not want the record of this House to be indicating that functions designated by statute in the board of a corporation have been hijacked by the Prime Minister, Sir. I would not want that to be a part of the record of this House at all.

Mr. D. J. H. THOMPSON: Sir, notice that he has not denied what I said, that on several occasions he has had to call meetings of the officials to deal with the mess at the National Housing Corporation (NHC). Also the Minister of Transport has a statutory corporation under his control that he confesses is in a mess and I know that the Minister of Finance could not be happy about that. Therefore, in due course, since the Minister obviously does not have a grip on that statutory corporation, it would have to mean that the Ministry of Finance does not have a grip either, by simple logic, and you can look at other areas such as the Government's investment in Southern Meats and things like that.

12.05 p.m.

What we sought to do was to develop a level of technical assistance that did not allow in that area those statutory corporations of Government-owned entities to run out of hand and then, at the end of the day, you find you have to come to Parliament for supplementaries for millions of dollars to clear arrears which, essentially, get sprung upon you because of that failure to manage effectively your statutory corporations and, very often, capital works projects and other activities which Government is involved in.

Yes, they did help with supervision. Yes, they did give a high level of technical assistance and they helped train Barbadians. Some of the same Barbadians that the institutions trained, the Rt. Honourable Member for St. Peter has been able to place in senior positions of Government because he recognises, as I did, that benefiting from training, those persons would be able to rise to levels of excellence in the public service in Barbados. Those are the simple facts of the matter.

The Right Honourable Member for St. Peter did not, and has not yet publicly acknowledged those improved levels of efficiency, the benefit of training, the fact that in relation to the implementation of the tax administration programme and management of the Government's fiscal position that the IMF was extremely helpful to Barbados. You can debate the IMF programme and reject that, but what you cannot deny, as I say, is that that level of discipline and the high level of training that was adopted subsequent to that would have helped Barbados to continue its high levels of economic growth.

CARTAC, in that context, if it is going to be able to identify for the entire region the kind of technical assistance, I hope will not end up being limited to those areas that the Right Honourable Member for St. Peter identified, because technical assistance is going to be required in a much wider span of areas, particularly to accommodate the single market and economy, the tax harmonisation policies, the fiscal coordination that they say is required and the question of the convertibility of regional currencies. All of these are areas in which I believe the region is going to need a higher level of technical assistance. They are not areas that can be left to the political directorate of countries in the Caribbean to implement because there are varying levels of awareness and varying skills that those political leaders bring, but not all of them are going to be able to identify some of the key strategies and decisions that would have to be taken to ensure the viability of the single market and economy.

I believe we need also to appreciate that there are Caribbean people and Barbadians who work within those international institutions, in the World Bank, in the International Monetary Fund, in the IADB, although you did not mention whether the IADB was involved. There are Barbadians who work and they go into other countries in the region and seek to lend technical assistance to those other countries and I believe that the benefit of having those persons return to Barbados with those experiences is a considerable boom to management and public sector management, even when they are involved subsequently in private sector jobs in Barbados.

I will wait until the Minister of Tourism deals with the elements of the Regional Tourism Emergency programme because I think it is important to understand what that programme is going to be about.

The Honourable Member for Christ Church East is going to have to explain to us how it is that with a Green Paper on Telecommunications on the Order Paper of the House not fully debated, no new legislation completed, that he was able to forge ahead and sign an agreement with Cable and Wireless BARTEL and now the Government is seeking funds to assist in meeting arrears of service to Cable and Wireless BARTEL. I hope this will provide a platform for the Honourable Member to explain whether his policy was over-ridden, or ignored, or whether it still stands, and when this Parliament would be accorded the pre-eminence that it should enjoy in matters of this sort by having the Green Paper on Telecommunications debate concluded.

Relative to the question of the Value Added Tax, I believe it is vital to ensure that tax collection is efficient, but it is even more important to ensure, particularly in times like these, that businesses do not suffer from cash flow problems as a result of failure by Government to pay refunds. I am not asking Government to pay refunds to or to assist delinquent businesses. There are businesses in Barbados that meet their

commitments to the Value Added Tax Department and small businesses which tend to suffer when the VAT Department is slow in processing their refunds.

Nobody is opposed to ensuring that people should pay the taxes that are due to Government. I am not arguing against that. There must be efficiency in the collection of taxes, but there must also be a high level of prudence in analysing those returns and refunding persons who are owed money by the Government. There are small businesses in Barbados which have complained that Government has significant money for them in terms of valued VAT refunds and that this has hampered them. In times of economic distress that money, when Government keeps it for an inordinate period of time, becomes a great burden to those businesses and very often they have nowhere to turn and the enterprises end up closing down and people lose their jobs.

I think that while Government is creating 20 new jobs, it must ensure that it is not delinquent in meeting its obligations to those businesses so that they in turn do not end up creating job losses in our economy.

I am not opposed generally except to the matters I have raised to the item in this particular Supplementary relevant to the Ministry of Finance, but I hope the relevant Ministers will respond to some of the issues that have been raised.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, Sir, I thank the Member for St. John for the tone and temper in which he has started debate on the matter and his measurement to the issue. I would just like to respond to some of the substantive matters he has raised.

I share the view strongly that there is a great need for us in the Caribbean to stimulate investment across the Caribbean countries as part of the efforts to build a single market and single economy. This illustrates a reality that must be spoken of over and over again. In the final analysis, the building of the single market and single economy will come down to private actions.

Governments can create the environment through protocols but it will be the response of the private sector to determine whether or not we are going to have a single market and single economy in the sense in which we want it as a living entity. State efforts by Caribbean Governments in the past to have State investments in regional institutions have not been a roaring success and many have failed: the regional food plan, the regional shipping industry and the like, and I think that the Member for St. John's statement should be seen as a clarion call for the private sector to come to terms with the fact that an expanded market has been made available to them by the legal provisions for the

single market and single economy and that the regional private sector must become more proactive.

Yes, Sir, the Caribbean Group for Cooperation Development still functions. In fact, there was a Caribbean Council in it, but it has been largely devoted to doing studies in sectors rather than in specific provision of technical assistance and there will be no conflict between this role and CARTAC's role.

Sir, I am glad for us to have an opportunity to reflect on the work of the International Monetary Fund. The International Monetary Fund has always performed a technical assistance function with great efficiency. It has a Fiscal Affairs Division that has been of great benefit to countries, including Barbados, in providing technical assistance on tax studies.
12.15 p.m.

Sir, the difficulties with the International Monetary Fund (IMF) have not been in relation to the technical assistance that it might have from time to time granted through its Fiscal Affairs Division, but with the financial policies that it has sought to impose on Governments through its Financial Programming Division and one must make the distinction between the two.

The Honourable Member for St. John is not as informed as he could be, because while the IMF would have rendered great and valuable assistance in relation to fiscal advice, prior to 1994, even after the stand-by arrangement, the IMF was still too intrusive at a policy level in the affairs of the Government of Barbados even though it did not have a financial presence here.

My objection to the IMF was not that Mr. Fitz was not trying to keep check on the fiscal affairs of the NHC and so on, but he was seeking to implement a policy where rents at the NHC would have been increased. There was the provision for an increase in bus fares and great advice was being rendered in relation to user fees at the UWI. Mr. Chairman, our objection to the IMF was not in relation to technical assistance for fiscal affairs. It was the high level of its policy intrusion in areas that belong entirely to the province of Barbados.

The objection then, as it would be now, is that it is not the business of Mr. Fitz or anybody in the IMF to set bus fares in this country or rents at NHC, nor should they decide who at NHC should pay what because it had reached the point where there was a scheme drawn up where persons renting the same facilities at the NHC were being classified on the basis of their income, and a segregated approach was to be implemented where people living side by side were going to pay differently for the same rental equipment because Mr. Fitz said so and we were objecting to this.

Sir, the visit of the Managing Director of the IMF to the Caribbean was timely because the IMF is not going to go away, neither will the problems of many Caribbean economies. For too long the IMF has been performing either a negative role or no role in the Caribbean but as an institution it spent over one hundred billion STRs across the rest of the world in carrying out its function to be the institution that provides financial stability in circumstances where countries are facing short-term economic and financial disorder.

Sir, the Caribbean is the world's smallest, most vulnerable and most volatile region. This is a region in which short-term economic instability is a way of life. This is a region in which some economies lurch from financial crisis to financial crisis and do not have access to international capital markets but because of the nature of the IMF policy in the past, even in the midst of their crisis, these economies have been disinclined to seek IMF solution to their problems of instability.

We all make subscriptions as countries to the IMF and we are all shareholders in it but our funds in the Caribbean have been used by the IMF to help to stabilise Eastern Europe and East Asia when they had problems. I want to make the point that the East Asian problem was traumatic because the IMF had the responsibility to help stabilise the East Asian economies outside the context of any programme known to the IMF but Jamaica, which was having a problem with its financial sector, did not benefit from the same approach by the IMF to rescue its financial sector.

Sir, as I said, the IMF is not going to go away and neither is the Caribbean problem going to go away and what we need is a change in the relationship between the Fund and the region. Mr. Chairman, in that regard the role of the IMF is now changing and revolving.

When I became an economist in the early 70s, the IMF's principal role was to effect exchange rates in the context of the Bretton Woods Agreement, and these rates were fixed in relation to each dollar on the basis of the US dollar with one ounce of gold worth US \$35.00. In the early 70s the IMF was managing a world of fixed exchange rates.

When Nixon delinked the US dollar from gold, the IMF took on a different role. We have seen in the East Asian crisis the IMF seeking to take on a role of rescuing financial sectors. Initially, the IMF was only concerned with problems arising on the current account. Now, because of globalization and the fact that a lot of international instability is caused by random capital flows, the IMF is being called upon to be involved in protecting the world from instability caused by capital flows.

We are also hearing talk of the IMF being called upon to assume a responsibility in helping countries to better manage their financial systems by being the guardian of the integrity of regulatory and supervisory systems. These are evolving roles and we expect that the tools being used by the IMF will change.

Sir, the opportunity was taken of a meeting between the Caribbean Finance Ministers and the Managing Director of the Fund to impress upon the Managing Director the inappropriateness of the tools that the Fund uses relative to the circumstances of the Caribbean. The Honourable Member for St. John should know that the tools the IMF uses are tools that are intended to treat instability in the economy that arises from credit creation, printed money and fiscal excesses. In a contemporary Caribbean economy in almost every instance the problems of instability are not now being caused by credit creation, printed money nor fiscal excesses. Our real problems are being caused by the application of trade liberalisation and the impact on our economy of the new inflation and communication technology.

Sir, if I may illustrate. In many instances most Caribbean Governments are facing unstable situations and as they phase in the new trade liberalisation measures they are losing fiscal revenue.

Sir, a lot of our problems in Barbados are in manufacturing and agriculture, and the instability in the economy has been caused by the fact that we have moved the non-tariff and other barriers that hitherto protected agriculture and manufacturing exposing our domestic industries to higher competition from abroad leading to a reduction in real activity in those sectors.

We told the IMF they have no tools which they can use as part of the financial programme that treat to issues of instability of a short-term nature in economies that arise from trade liberalisation and the impact on new technology and that the Fund itself, in treating to societies like ours, has to go back and review its mix of policies if it is to get into a serious relationship with Caribbean economies. They committed themselves to setting up a committee to treat to this particular matter.

Sir, I stress the point that we ought in the future to look to a positive relationship with the Fund in the context of the Fund itself evolving to meet the needs, not only of the great economies of the world, but to meet the needs of small societies like Barbados.

Sir, I hope that CARTAC will be an instrument along the way to help us in this respect. Finally, I just want to say that the Government is prepared to go more than half way in meeting all the concerns of the private sector and all those who quarrel about the tardiness on refunds.

12.25 p.m.

We expect a certain discipline and integrity from the private sector itself. One of the reasons why there has been difficulty in meeting the various requests for refunds on a timely basis is that the VAT Office has been overwhelmed by too many false returns by too many people in the private sector. The limited time of the staff of the VAT Office had to be spent in trying to deal with the false returns.

Sir, there was one celebrated case where, much was publicised in the Press, a person claimed the Government owed \$7.5 million in returns. That case was being fought in the Press. When the appraisal was done, it was found that rather than the Government owing \$7.5 million in returns, they owed the Government \$7.5 million. Speaking of fighting this matter in the Press, it would have caused us to do foolishness if we had acted on the strength of public agitation.

Sir, there are too many people who are requesting refunds on VAT paid in Trinidad. They hold cocktail receptions and seek to get VAT refunds for the cocktail receptions they hold. The private sector has to meet the Government halfway. The VAT Office has no interest in being tardy but it has a responsibility to protect the public interest from those who would defraud the system. There are too many who feel that their time is best spent in trying to beat the system rather than comply with the requirement of the system. All of us would be better off if they, themselves, also understand that they have to put their own house in order.

I will leave this debate with this point. The Government will put the VAT house in order but the private sector has an obligation to put itself in order in relation to meeting its obligation under the Value Added Tax legislation.

I thank you, Sir.

Mr. D. St. E. KELLMAN: Mr. Chairman, as we try to develop the services in the Caribbean, we must be more supportive of these international organisations in the Caribbean. I think it would be folly of Barbados not to recognise that there is gain to be derived from organisations like these.

Sir, it is rather amazing to hear the Other Side singing the glory of certain organisations without recognising that it was the Democratic Labour Party who, because of the leadership of Sir Erskine Lloyd Sandiford, was able to stand up to organisations like these. They can now talk freely about making changes and acknowledging that their

previous policy to Governments in the Caribbean was wrong. I think the Caribbean should recognise that we cannot continue to allow international organisations to come to our shores and dictate to us.

I feel that even though we are a small nation, we must stand up, protect our interests and be prepared to tell these organisations where we stand on a particular matter. I think that the country of Barbados should be grateful to Sir Lloyd Erskine Sandiford for the stand he took as it relates to the IMF.

Asides.

Mr. D. St. E. KELLMAN: Some people might not want to hear it, but it is a fact that if that stand was not taken, our economic situation could be far worse. We need more leaders to stand up to these organisations, to have back-bone and to make decisions.

We have to understand that it is not by chance that organisations want to set up ...

Mr. CHAIRMAN: Order. I want to hear the Honourable Member, please.

Mr. D. St. E. KELLMAN: It is not by chance that organisations find themselves wanting to set up homes in New York and elsewhere.

The Caribbean has to understand that they cannot only do business in New York or other places. They must be prepared to do business in their homeland and get the same recognition. We believe that whenever we have to negotiate with an international organisation, we have to get on a plane and fly out of the country. It is time they understand the importance of the Caribbean States and locate some of their headquarters in the Caribbean.

We also have to understand that we cannot only be seen as subscribing for the sake of subscribing, but we must have the ability and authority to help push the policies as they relate to these organisations. People believe because Caribbean countries are small and all they have to do is pay subscriptions and people must talk down to them.

I disagree with that. Caribbean leaders must understand their role and must be prepared to make their voices heard on the international scene.

I thank you, Sir.

Hon. N. A. LYNCH: Mr. Chairman, I rise to speak on this Head and to put a few things in perspective in relation to Barbados' contribution to this regional programme coming out of the events of September 11.

Let me say that in early October, 2001, the Heads of Government met in Nassau, Bahamas and sought to create a sense of regional response particularly for the tourism industry as a result of the events of September 11. Basically, what needed to be done was to evaluate the impact on business from the marketplace, both the social and economic fallout, from any loss of business as it pertains to all the partners in the tourism industry and to define a regional response to the impacts. Fundamental to that was creating a regional marketing programme as a response to these actions.

Initially, what was thought that could be done was to develop in the short-term a marketing plan that dealt with getting people to travel again and choosing the Caribbean as their preferred region, and also a long-term plan to address the winter season of 2001-2002 and beyond. We intend to contribute to this programme BDS \$1.47 million. This is the amount that is listed under the Head. At the time when the meetings were held, it was clear that some time had elapsed since September 11. We were dealing with these meetings in early October, 2001, and some Governments had already responded individually to the crisis. We thought that the information could easily be shared about some of the approaches that were taken.

The responses related to the national resources that were available to each country. Also, there needed to be a demonstrated business relationship between what happened on September 11 and the existing situation in most of these countries. One of the objectives was that we needed a holistic, societal approach in which all of the social partners made either a contribution or a sacrifice.

Sir, coming out of that campaign, the Caribbean tourism private sector, "Great Places in the Caribbean" had already been working on a programme as a regional advertising programme that was supposed to take effect from the second quarter of 2002. This crisis offered us an opportunity to respond as a region to this crisis. We have said that tourism in the Caribbean is a brand that is second to none, but what we have never been able to do, except for a short period of time during the early 1990s, was to create a regional campaign.
12.35 p.m.

The Caribbean Hotel Association has been pioneering such a campaign. It was important during this period to bring that campaign forward, to utilize the aspects of it and to trigger it from as early as December 2001 rather than waiting until the second quarter of 2002.

Some Members will remember that during the early 1990s this Cocomos campaign with the beach boys, who were very well known, particularly in the US marketplace created a lot of stir and controversy in the region. Many

persons thought that the industry could have utilized more known Caribbean entertainers in promoting the Caribbean.

As a matter of fact, this campaign actually bore fruit. During the early 1990s it was estimated that the arrival figures to the region rose by 15 per cent during that 1990-1991 window. Part and parcel of this Sir, if one could have seen how other regions had responded to what the Caribbean was finally doing, a lot of persons in Florida, Hawaii, the Pacific Islands, who had already packaged the region first and foremost, came to the conclusion that the Caribbean was finally trying to get their act together and that it would bear fruit. What did not happen was that we were unable to sustain the campaign because a number of regional Governments and private sector agencies did not continue to contribute to the campaign. It has been long felt that this regional brand is the basis on which the Caribbean can build.

The regional campaign is only as good as the individual island and the entity is then able to take advantage of that regional branding exposition. If Caribbean and Regional Governments do not put certain mechanisms in place to ensure that they can capitalize on them, then what is expected to happen is that some of the bigger and better known islands in the Caribbean will continue to do well, while some of the lesser known islands will not do as well.

There are issues relating to the programmes that are in the marketplace. Human relationship with the tour operators and the issue of airlift are fundamentally important to how we can capitalise on this situation. For example, because Barbados is much recognized on both sides of the Atlantic, this regional campaign will help us in terms of its future fortune in the tourism industry.

Sir, it is important that we participate in this programme and put our money in, because this is the basis that can create more activity for us in relation to what we can get out of our major marketplaces during the first quarter of 2002.

Let me also say that this particular debate and the comments on this Head, obviously offer an opportunity to tell Barbadians and Honourable Members in this Chamber how our campaign and our initial emergency response efforts have worked during the beginning of this 90-day period. This regional campaign offers us an opportunity to do better and I want that to be known. We had initially forecast that there would have been a fallout of approximately 30 per cent during the 90-day period, with the brunt of that fallout being felt during the month of October. October would have been forecast to have been down 40 per cent, November, in the region of 15 per cent and December, about 5 per cent. What has resulted in terms of our intervention in moving to advertise to create a new programme and also in getting close to those partners that provide us with visitors, is that during the month of October, there was a fallout of some 16.7 per cent under last year. The major part of that fallout

has been felt on the North American side of the Atlantic and not on the European side, but we continue to do well in our bookings that are coming out of Great Britain and wider Europe.

In August this year when the Honourable Prime Minister came to Parliament with his Budgetary Proposals, it was made clear that there was some measure of slow-down in the tourism industry and what we needed to do was to shore up the fortunes of the tourism sector by putting more resources on our marketing and thus creating more resources in the tourism industry. We have already begun negotiations with airlines on both sides of the Atlantic, particularly US Airways, Condor out of Germany and Lauder Air out of Italy. What has happened is that even after September 11, and to our good credit, US Airways flew in the first week of November and has, since then, been flying for four days per week. Sir, even at a time when there is little confidence in air travel out of the United States, and even domestically within the United States, US Airways has been able to maintain loads of between 50 and 60 per cent coming into Barbados four days per week. The United States' market is coming back slowly. The recent incident with American Airlines last Monday did not help the situation relating to the restoration of consumer confidence in air travel.

We continue to believe that we are going to be under pressure during the winter period coming out of the United States. Sir, what is clear is that Americans at the upper end of the spectre will continue to travel, and will continue to come into Barbados. Our projection is that already November and December in terms of airlifts into Barbados – and this is as a result of 12 air routes being flown by seven airlines – November will see us with 60 per cent loads.

Sir, this is just an average because on routes such as Miami, which is projected to do 94 per cent in November, San Juan 85 per cent, Toronto and Montreal, Canada are expected to be in the region of 83 per cent. There are some routes coming out of North America that will continue to do well. It is also to our credit where Barbados' position as a tourism destination is concerned that, the mid to upper end of the market still continues to attract business. The booking period has narrowed substantially coming out of North America in December where the loads are looking less. They are projecting to do in the region of 57 to 58 per cent.

Many persons, even though we believe they will book during the winter, are obviously not booking because of their concerns regarding future earnings, *et cetera*, but it is very difficult to predict very far out. We are down to a window of about 14 days and in some cases seven days in which people are booking. The United States market looks all right

because we are still within the region of between 50 and 60 per cent. However, we believe that our contribution to increased security, both at our air and sea ports, that in the United States, and with some restoration of confidence in the way persons see airline travel, that the winter period will be much better than has been initially forecasted.

On the other side of the Atlantic, coming out of the United Kingdom and wider Europe, let me say that Barbados continues to do well. There are forward bookings for the month of December and as far as March, 2002. British Airways is over-booked coming into Barbados during those months and what they have decided to do is to put an extra flight on Saturdays so that we now have eight flights per week coming out of London rather than the previous seven. 12.45 p.m.

Sir, last week Virgin Airlines decided that they would fly two extra flights because of the over booking situation. They were flying only five but they are now going to fly seven to include Wednesday and Sunday out of the UK market during the winter period.

The Concorde comes back on December 3, and will now fly a five-week period during the winter. The Concorde is also contemplating flying on Saturdays, which is the traditional day for the Concorde, and on Mondays, which means, Sir, that at that upper end of the market we are doing particularly well.

We also have a challenge at the lower end of the market in terms of the charter operations coming out of the UK market. What is happening is that these people are very slow in booking and reluctant to book because of some similar issues relating to what is happening in the USA.

Some of these people are still watching the whole issue of the military intervention that is going on in Afghanistan. Some of them are worried about possible strikes within London and Europe and what is happening, Sir, is that many of these people are not risking the whole issue of booking. They are waiting and the window has substantially narrowed.

Sir, while last year at this time we could have easily predicted in relation to a 30-day window what would have happened in terms of the UK market, right now we are down to only seven and 14 days and it is very difficult to predict. However, our major tour operator partners are very much convinced that we will do well out of the UK market during this winter period, even though the window is short.

May I also say, Sir, that in terms of the wider Europe, Condor is back and flying to Barbados on a weekly basis. We have already fulfilled our allocation through Condor out of Germany, and London Air is going to fly during the first week of December, so this has opened up some substantial avenues. It is not only the action of flying out of Frankfurt

and Milan, but the gateways behind those two cities have opened up tremendous opportunities for Barbados during this winter period.

Let me say, Sir, one final thing in terms of forward booking. Even the loads look very good now on both sides of the Atlantic in terms of some groups. What is happening is that hotels are not forecasting the same levels of occupancy. One of the reasons for that, Sir, and I have said this in more than one forum, is that Barbados continues to do well, because some people who are non-traditional players in this tourism industry are now getting involved.

Sir, Condor flew to Barbados the first week in November with 88 passengers on board of the 90-seat capacity. Sir, of the 88 passengers on board, 30 of those passengers were going to guest houses which are not registered or known to the Barbados Tourism Authority (BTA). This is telling us that a lot more people are now being able to build some level of facility that they are using in the accommodation sector in Barbados and actually playing in the marketplace.

Asides.

Hon. N. A. LYNCH: Sir, a lot of the bookings have been shifted to the hands of the consumer and many people are now booking directly with the airlines rather than through tour operators or travel agents. These people are then coming to Barbados and staying in accommodations which are unknown to the Barbados Tourism Authority, as I have described earlier.

Obviously, Sir, there is the need to readily make this type of accommodation available, but there is also the need to continue to get that market to thrive, but these people are playing with the tourism industry, which is the ideal we have set up.

Sir, there is a lot more I can say in relation to what is going on but I will close on one final note. There has been much comment about how the tourism industry has been performing during this period and even before the crisis. Let me say, Sir, that up to the end of October, we were only 6 per cent off the number of 2 000 which is the best year we have ever had in tourism. In the midst of this crisis, I think that we, as a Government, have responded in a very mature manner.

Sir, some people criticised us for not running to advertise in this region. It was said that no one was trying, people were not getting on planes but, Sir, some of those who ran ahead early and advertised before really analysing the situation found out that they wasted a lot of money

Sir, as a Government, I think we have acted very maturely in the way in which we went about creating this programme and I want to say that it has been bearing fruit.

I thank you, Sir.

Hon. Miss B. A. MILLER: Mr. Chairman, I beg to move that you report progress to His HONOUR THE SPEAKER and ask for leave to sit again.

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

The question was put and resolved in the affirmative without division, and Mr. SPEAKER resumed the Chair and reported accordingly.

SUSPENSION

Hon. Miss M. A. MOTTLEY: Mr. Speaker, Sir, I beg to move that the Sitting be now suspended until 2.00 p.m.

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

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

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. When the Suspension was taken, the House was in Committee of Supply, to that it will now revert.

Mr. SPEAKER left the Chair and Mr. CHAIRMAN resumed the Chair.

COMMITTEE OF SUPPLY

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

Mr. D. St. E. KELLMAN: Mr. Chairman, as one listened to the Honourable Member for St. Michael South earlier, one would have gotten the impression that the Honourable Member has now been converted to the virtues of community tourism. It is true that community tourism is nothing new, but there has been a renewed emphasis on community tourism. If one looks back to the late 60s and the early 70s one would have recognised that that concept was promoted in the Sunset Crest area. It is true that it did not filter on as fast as it should.

One would also recognise now that we have this new technological push where the Internet is now one of the main factors of promoting tourism that the mass-based people of Barbados can now market their properties easily. One would

have heard me talking about the possibilities for the small man as it relates to tourism, so I want to make this point that if ever there was a time that the small man could recognise that he has a role to play in tourism at a higher level, it is now.

Asides.

Mr. D. St. E. KELLMAN: You see, Mr. Chairman, there are some of us who do not want people to know that we started small and that we have progressed now. There is nothing wrong with being able to drink brandy and continuing to drink rum and that is the problem in Barbados. A lot of us do not want to go back to the rum that we are accustomed to, which is very good, but we want to use the imported stuff even though we are pushing localisation.

The point I want to make is that we have the Internet Services now, but previously we had a situation where it took the real hard cash where you had to pay somebody or know somebody overseas in order to market that little one room you had to the tourists. You would have heard me on many occasions saying that Barbadians must recognise that a home can no longer be a home, but that it must be seen as a home as well as a business. If we are ready to maximise the usage of our housing stock in Barbados, we are going to have to push community tourism at a much faster rate than we are pushing it now. It does not make sense to have people in Barbados with houses with eight bedrooms and only two people are living in them, so we have to look at the opportunity cost of that property.

For a small country we cannot afford to waste our housing space. We have to maximise the usage of that housing space and we have to recognise that we have to cater to all segments of the market. We also have to cater to the \$20 tourist the same way as we would cater to those who can pay over a \$1 000 per day. Our aim and object at this time is to make sure that we have accommodation to suit every single person who wants to travel to Barbados because if we do not do that, then we would not be fully maximising what we have.

We also have to recognise that we can no longer see tourism as a product only for a man who can spend \$400 million, but a guy who has an available room must be seen as a player within the tourism sector. If we do that and we follow that to its logical conclusion, one can easily come to the conclusion that as long as we have many people involved in tourism that will help us reduce our crime rate because the truth is that every single person who depends on tourism must see tourism as an industry that they have to protect, and must not look at it as the total revenue that Government is going to earn. We must look at the total opportunity cost of it and maximise every single benefit from it.

Last Tuesday, while speaking in this House, I made a particular point and while driving home I heard people on *Voice of Barbados (VOB)* discussing the importance of tourism filtering down to that particular level, but the next day I read an article in the newspaper where a big giant felt that someone who has been playing a significant role in tourism for 19 years and doing the same thing by encouraging people to come back to Barbados, was not positioned in the right place.

I am saying, Mr. Chairman, that the reason that person has been able to remain in the same location for 19 years is because that person has been playing a significant role, not only in feeding the tourists, but in feeding the workers who work within the tourist industry, and because of the cost of the meal that the person provides, it allowed the unions to soften the impact on the increase they would have asked for from the particular hotel in the area. But you see, Sir, those hoteliers do not think along those lines. They can only think along the lines of the millions and the room rate, but they cannot see the significance of that young lady on the St. James road who provides meals for their workers on a daily basis.

That is why I am saying that if we are going to discuss things, we have to look at the total opportunity cost of what we are doing. If we do not do that, we will be wasting our time, and that is the problem in Barbados, Sir. We are not prepared to carry anything to its logical conclusion and can only see it in the large sums, but the little minor things that add up that are more significant we tend to ignore.

I am saying that Barbadians have to get back to the basics and learn to appreciate the contribution of every single person in the tourism industry because that is where we are failing. People feel that once you have a large investment that is important but that does not mean that the large investors are necessarily contributing at the same capacity as that small person.

I have asked already for someone to tell me the owner of a hotel who has brought many tourists to Barbados, and I will show them a “beach bum” who brought more. I am serious about this. A lot of people think that “beach bums” do not have a role to play in tourism, but “beach bums”, vendors and jet ski operators have roles to play in tourism and they can name hundreds of tourists who come back on a yearly basis to be on their jet skis and so on with them.

The people who braid the hair not only braid the hair on the beach but they go right through Sunset Crest and to many other areas. The Honourable Member for St. James North would know, or should know that they go even up in Sandy Lane and provide that particular service.

Asides.

Mr. D. St. E. KELLMAN: I have not said to you, Sir, that I would call a name like Sheila so I cannot call her name, but she is a lady who can go in any home on the West Coast and provide her services and she is respected more than any of the hoteliers in Barbados, but yet we do not count people like her. There are people who have been coming here from the 70s who know her and now their great, great grandchildren are coming and they come just because of that name. Yet people are saying that we have to get brand name hotels for people to come to Barbados not realising that we have brand name people but because they are not at the right level we ignore them.

I am saying that we have to learn to appreciate what we have, which is the problem in this country. We only seem to know big names and foreign names but the salt of the earth who on a daily basis go about doing their chores and delivering good service to the country we tend to ignore.

I am saying this because in the tourism awards and even on the local logo “100% Bajan” you cannot even find a Bajan who has been contributing to this island for years on that and all of a sudden it is the big names you know, but the people who remain with you when you are in a crisis you do not know.
2.10 p.m.

You see, this is what we have to do. This is the type of attitude we have to create when we are outside of Barbados, and these sweet words overseas we have to stop. We have to tell them the way we see it because when we stand up to be counted is when we will start getting more tourists coming to Barbados. When we go overseas and we “sing-sing” we are taken as if we are playing. It is all about the promotion of Barbados, and we have to look at the opportunity cost of everything we are doing.

Thank you, Sir.

Hon. N. A. LYNCH: Mr. Chairman, just a number of issues in relation to the development of tourism and what has happened generally after the events of September 11th, how our programme is working and what is in it for us in the future.

Let me say in response to some of the issues that were raised by the Honourable Member for St. Lucy in relation to these concepts of community tourism and the like, I think it is clear, Sir, that many of us who understand this industry and have worked in the industry, particularly Governments on both Sides of the aisle, have recognised the contribution that people in the community make to the development of tourism. To say that anyone is trying to marginalise the people in communities who are making this industry work

is the most absurd thing that I have ever heard. We have dealt with it on both Sides. It is not a Barbados Labour Party thing. All of us have recognised how much these people contribute to the industry and these people continue to be the bedrock of what is happening in tourism, and there are ways and means in which we are seeking to embrace them in all of our policies and plans in relation to tourism development.

Sir, the bulk of our tourists who come to this island come here in tour operated programmes. Eighty per cent of the people who come to this island come in recognised tour-operated programmes. Just for the education of the member for St. Lucy – I am going to put it straight because he is seized of ignorance on most subjects and particularly on tourism – the issue is...

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Member is misleading the House, Sir. If one follows the Honourable Member and one were to agree with him, then it means that he picks up my ignorance and runs with it. What he is saying about me, he is saying about himself.

Hon. N. A. LYNCH: Mr. Chairman, it is the tour operator packaged vacations. If you package a vacation it means that you are literally getting a volume discount. For example, what a tour operator can arrange in terms of a volume fare with an airline because he is sending so many people to that airline is that he gets the fare at substantially less than what would happen if you or I walked into a travel agency. He puts together a package that includes the airline fare, the hotel and the ancillary services. He puts all of them together in one package. Therefore, what happens is that it is more convenient, obviously, for a consumer to go straight to one man or one woman and get the whole range of things, and what is important is that he gets it at a lesser cost.

There are a number of people who contribute effectively to bringing back people to Barbados but, at the end of the day, over a million people come to Barbados a year. It would be absurd to think that only a small set of people that you are talking about in terms of community could be at the centre of bringing all of these people to Barbados. These people come initially through the efforts of the Government and the private sector and then what happens obviously is that they get to meet our people at the community base and then that is where there are issues of coming back. Nobody is putting down all of the efforts that these people make but if we are going to look to a sector to give assistance, to be able to bring people to Barbados, we will start first with the airline partners, with the travel agent partners and with the tour operator partners. That is the way business works and that is what we have been attempting to do, and it has been bearing fruit.

Sir, I want to go on to some of the initiatives and some

of the things that actually happened as a result of the \$30.2 million that was actually voted for tourism, coming out of September 11th. Members may be aware as well that it was broken down into issues related to marketing for Barbados and public relations, tour operator support and support for the airlines, enhanced security, and it was also an issue of creating a more welcoming environment for Barbados.

What has happened, Sir, is that a lot of the funds that had originally been voted for the Barbados Tourism Authority, the bulk of that funding had already been drawn down by the Barbados Tourism Authority. Therefore, what we were able to do was to trigger a lot of those funds initially and were able to start the programme. Apart from that, there were a number of initiatives that were put in place that did not require hard funding. What it meant was that we were able to get back closer to our partners again, those that supply people to Barbados, and we quickly despatched teams to both sides of the Atlantic.

Sir, we have seen Barbados' numbers not dip anywhere near what we had projected as a worse case scenario, but with quick intervention and some very mature decisions on our part, what you are seeing is maybe less than half the fallout that we predicted for the month of October.

What is happening in November already is that for the first two weeks it has begun very well and is comparable to November of 2000. I need to wait for the figures but in terms of the security issues, upgrades have been done at both ports. At Grantley Adams Airport if you were travelling in recent times, you would recognise that if you are going into the United States of America there are manual checks, even of your checked baggage that goes into the hole of the plane and at every gate your hand luggage that is taken on board is actually being manually inspected as well.

We have also redirected traffic at the Airport in terms of the lanes to the departure area. We have redirected traffic outside so that the lane closest to the terminal is being used as a security lane in case anything happens and we can get people there as quickly as possible.

We have also redeployed security personnel at the Airport and we have increased our patrols in terms of the perimeter fence and all the perimeter areas. A closed circuit television system is being installed at both ports and will be installed by December. These plans were already underway to do this during the months of January/February next year but we had to bring that forward and there is new scanning equipment as well that deals with explosive detection and the like which is on order and should be in place by December.

Sir, in terms of the advertising programme and what we have been doing in the marketing programme, most of the marketing dollars and the marketing initiatives actually were triggered at the beginning of the last sitting. In Great Britain alone there are 500 buses approximately on which Barbados' name is being displayed. There has also been a number of big poster campaigns in the London underground which we think will be able to spur traffic during these months.

In addition to that, Sir, the ads on television in the United States of America began on November 12th as well but there is an additional print campaign and because of the issues of booking we were not able to book immediately. That campaign is also set to start this week in the United States of America. For the first time we are also doing tele-advertising in London. We have not done this before but we believe that if we do some television advertising in London this year, you will see some increased results in terms of what we have been getting.

Coming out of this crisis, opportunities were presented as well to grow Barbados' tourism. What we have been doing for a long time is depending on the major source markets of Europe, particularly the United Kingdom, the USA and Canada as our major tourist markets. If we intend to continue to grow this industry to the numbers that we believe are manageable within Barbados, what we need to do is to look at other source markets as well.

Only a couple of months ago we despatched a team to South America and to Argentina. There is a high-end element of consumer in Argentina that continues to fly. As a matter of fact, they even fly over Barbados on their way to San Juan once a day on a daily flight out of Buenos Aires into San Juan. We are at the brink now of appointing a general sales agent in Argentina to look after Barbados' affairs and what we expect to happen is that in May or June of next year there will be a chartered flight, non-stop from Buenos Aires into Barbados. That, Sir, is going to open up substantial avenues in terms of what we can get out of South America.

2.20 p.m.

Sir, we need to look more seriously at South America now. This crisis has created an opportunity for us to tell Barbadians wherever they are, not only citizens of Barbados who have emigrated to USA, Canada and Great Britain but second generations and even further on, that Barbados is a welcome environment to them and that they need to come home.

We have started our VFR programme – visiting family and relatives – with effective messages that Barbados is more than interested in welcoming them. Research has shown that 50 per cent of people who travel to a destination do so because of some direct relationship with that nation.

Sir, even though VFRs do not bring as much money as the regular tourists, because most of these individuals do not stay in hotels, when you look at what they spend in souvenirs and keeping the industry going, they contribute significantly to the informal sector and keeps it going within the tourism industry.

VFRs usually come at Crop-over and Christmas and we are embarking on a programme to keep VFR traffic as a regular part of Barbados tourism in the long-term, because there are a lot of successful Barbadians living in major cities who contribute by word of mouth to the whole marketing of Barbados. VFRs do not come on a tour operator programme. They walk into the travel agency and buy a fare which is not a bulk fare and this is a bigger gain for the airlines, and that fare allows us to keep the routes going.

Sir, the incident of last Monday has not caused severe fallout in terms of cancellation after the event. There are some problems with the USA in terms of confidence, but once this incident of last Monday had been identified as an accident, it did not have the same repercussion as the previous event did and people are continuing to fly.

Sir, in Barbados we have not even scratched the surface with what can happen in this industry in the next decade. There is still a lot of capacity in terms of what could happen for Barbados. Cruise tourism is one of the vital areas but people have said that the cruise industry has used this opportunity to dump passengers on the Caribbean and have lowered their cost in terms of cruises coming here.

Sir, our cruise industry is doing very well and a lot of ships have been redeployed to the coast of the United States out of the Mediterranean, given the military intervention in that region, so people will be able to drive to these ports instead of having to get on a plane.

Barbados does not fit into normal itineraries because a normal itinerary is only seven or eight days. There are longer itineraries of 10 to 12 days but Barbados will have to be a 12-day itinerary in order for a ship to leave Miami, come here and go back to Miami. We have been able to convince some of the major players that Barbados is interested in having ships come here on these longer itineraries.

Sir, the Adventure of the Seas which is a Royal Caribbean cruise line ship with a capacity of 3 300 and the Carnival Spirit which has a capacity of 2 800 cabin space will be coming to Barbados, and this is twice the cabin space that these individual lines bring into Barbados once weekly. Even though the Adventure of the Seas only calls fortnightly, now with a longer itinerary and the number of

cabins doubled, our numbers should continue to be high, and the Carnival Spirit will have the same pattern.

Sir, we need to get out of the fight between cruise lines and hotels. I believe the cruise passenger is a potential long-stay visitor, but we have the mentality in Barbados that these cruise passengers should not be embraced by the hotel sector and that is fundamentally wrong. We need to find a mechanism, and we have been working on it, to get hoteliers to understand that many of these people are potential long-stay visitors. Hoteliers do not want them to use the hotel services or the beaches but we need to recognise that all of us are in this business together.

Sir, a lot of hoteliers have already started to discount, and this high level of discounting has helped us to keep our numbers up, particularly in the British market. It is clear that we are going to be challenged, but discounting is needed to spur the market and get it going again; but discounting will not speak to any growth in the long term. We need, at this time, to get people back on planes and back in hotels in Barbados and this discounting has already started to work. 2.30 p.m.

Sir, this winter is going to be as good a winter as we have ever had. This speaks to the amount of work and planning we have done. The issue of bringing back airlift is another fundamental issue. The fact that we have Lauder Air, Condor and US Air in the midst of a crisis is to the credit of the Government and our planning, when we looked at the tourism figures, when we recognised that there was a problem.

Sir, we have handled this issue in a very mature manner and I think it will redound to the benefit of all Barbadians.

I thank you, Sir.

Mr. D. St. E. KELLMAN: Mr. Chairman, I have recognised that the Honourable Member has finally admitted that the initial approach to this crisis was wrong. Recently, I said on a VOB Call-In Programme that we were taking the wrong approach in this situation. Instead of being proactive, we were being reactive. I am happy to see that the whole approach to tourism has changed and that the Honourable Member has taken the advice and has changed his whole approach.

One of the things I would like him to change is the way we do business. We bring tourists here by plane and take them directly to the port. These tourists leave by ship and when they return to Barbados we are counting them as arrivals. I am saying that system is wrong. That is why the tourism officials are saying that we have been getting large numbers of tourists but they cannot see the benefit.

Hon. N. A. LYNCH: On a point of order. I have already said in this Chamber that the people that come in as

flight cruise are not counted as arrivals when they disembark. I said that they are not counted in the arrival figures. The Honourable Member for St. Lucy is misleading the Chamber. It is wrong.

Mr. D. St. E. KELLMAN: Mr. Chairman, I would not allow the Honourable Member to give the public the impression that I am misleading the public by saying that when the tourists arrive here that they are counted as arrivals. I did not say that, Sir. I said that when they go out to sea and then they return by ship, they are counted as arrivals here. The Honourable Member cannot deny that, Sir, because he knows that is true. This is why the figures are high, but the revenue does not relate to the figures.

I do not have a problem with the people using our facilities but the airlines and the shipping lines must be told that if that is the type of facility they want to have for Barbados, at least they must include a tour of Barbados before the coaches and buses are allowed to leave the airport for the seaport. We must get something from these tourists. We must allow them to see what our beaches, hotels and scenery look like. We cannot allow them to use us as we have been used all the time. We cannot allow them to just drive on our highway and let it appear as though that is all there is to Barbados.

Sir, we have to have an arrangement between the airlines and the shipping agents. It is in the interest of Barbados for this to happen. I am saying that if we are going to have a tourism industry, we have to maximise all aspects of the industry. No airline or shipping agent should believe that we are here waiting on them to land people at our airport, transport them to a ship and they go and spend their money in other countries. We have some of the best facilities in the world and we must start seeing some of the tourists' dollars. We are not here for intransit tourists. We are here for tourists to come and enjoy the facilities of Barbados.

The Minister said that there are countries that are friendly to Barbados and he mentioned Canada. He said that Canada has always provided us with soft loans and we have always had a good relationship. Yet, in our tourism plan I am hearing about Germany and the North American markets. Do not tell me that when you said North America you meant Canada too. I know that you did not mean Canada too.

I am saying that we have always had a trading relationship with the Canadians. There is a sound relationship between Canada and Barbados but we are not exploiting that relationship. I am saying that if we are serious about tourists, we need to go back and see what

happened in the 1960s and 1970s, which would give us a good idea. People who have served us well, we would want to dump. Sir, because we have a crisis now, we want to jump at the German market and forget the Canadian market. It would serve the Minister well to look at the statistics for 1990–1991 when they had the Gulf War, and he would understand that the Canadians were still travelling to Barbados, even though the world was at war.

Sir, the Minister must understand that people do not travel to Barbados during a war unless they have a particular relationship with Barbados. The reason why we do not get the number of tourists coming from North America is because we have not maximised the use of what we have in Barbados.

Sir, we speak about the relationship and how generations of tourists keep coming to the island. We have had generations of Americans, personnel at the Naval Base in St. Lucy and we have never tried to exploit that area. If we are serious about targeting the North American market, the first set of people we have to target are those people who have a natural relationship with Barbados. We have a history but we want to deny that history and the relationship.

Sir, we now want to do a promotion without dealing with the facts. If we are going to be serious about the North American market, we have to deal with the facts. Sir, you have to give the facts. That is why it is very important for the facility at the Naval Base to be developed very soon. The English come to Barbados because of a natural relationship with Barbados and the same thing will happen to the Americans as long as we target the right markets; yet we want success.

Tell me what is the relationship between Germany and Barbados? We spend a lot of money going after the German market. I am not saying that we should not go after the Germans. I support going after the German market. I am saying that there is no natural relationship between Germany and Barbados and we are going after that market. Therefore, you should go after the American market with more vigour.

Asides.

Mr. D. St. E. KELLMAN: I have been hearing a lot about Barbados being a home port. I am saying that we can only accommodate home-porting when we expand our port. I do not see why we should allow intransit tourists to come and use our facilities at the expense of our cruise liners that bring tourists for a day and spend some money in Barbados. Neither do I see why we should block our ports to our outgoing and incoming cargo to accommodate somebody else's tourists.

Asides.

Mr. D. St. E. KELLMAN: We are getting closer to the tourist season and I am happy to see that the Barbados Transport Board and the environmentalists have recognised the speech that I made earlier in this Sitting. They also recognise the impact which the condition of our roads is having on businesses. I was quite happy to see that the Transport Board admitted the problems they have with the roads. If the Transport Board buses are being damaged, what do you think about the poor people that have to use these roads daily?

We have to see the impact that the condition of the roads is having on the tourist industry and how it would affect the marketing of Barbados. Sir, we need to correct these problems and very soon, not only for the tourists but for Barbadians as well. I am seeing too much stress in Barbados. If you were to carry out a survey among the workers in Barbados who have to use the highway and the roads that are dug up on a daily basis, you will see that they are all suffering from stress. This is a very serious problem, Sir.

I remember during the St. Thomas by-election, the Prime Minister said that a healthy country is a wealthy country. If that is true, it means that the amount of stress the Ministry of Public Works is putting on the people of Barbados is preventing the country from being wealthy.

I thank you, Sir.

Mr. D. J. H. THOMPSON: Mr. Speaker, The Minister of Tourism has an extensive background on initiatives which the Ministry has been undertaking to deal with the September 11th disaster. I believe it would be negligent of him if he did not recognise that September 11th was only part of the problem in the tourism sector.

I still need to hear whether the Minister of Tourism believes that the arrangements made by the Barbados Tourism Authority are adequate to carry out the tasks identified by them. Sir, from the outset, the Minister has made it clear publicly that he did not have 100 per cent confidence in the ability of the institution as it is presently structured, to undertake the initiatives that are necessary in the tourism sector.
2.40 p.m.

Sir, on the one hand, one cannot argue that there is a need for institutional change, or be faced with a crisis which actually provides the opportunity, if one is serious, to discuss the way forward and, simply act as if one is in crisis mode. It is clear from what the Minister has said that the crisis is neither as extensive nor as large as he had originally thought. His own projection is that the tourism

sector will perform as well as it has, except for the record last year, which means that in every sense of the word, Barbados would be on course to another year of significant economic growth, all things being equal.

Sir, we have to understand that all of our eggs are essentially in the tourism basket and in any event, if that were the case and if it was true that there was so much community tourism taking place in Barbados, then one would not be hearing the cries and complaints of other small operatives in the tourism sector such as the taxi drivers, those who own the small vans, the water sports operators, those who provide beach facilities and the vendors. Let us take a look at the situation with the Pelican Craft Village which was an initiative that would have complimented the tourism sector generally. Also, restaurants in Barbados, not those at the high end of the market but those in the middle, the souvenir shops, those who provide ancillary services in hotels.

Sir, I think it is that kind of discussion that the Honourable Member for St. Michael South needs to focus on because it seems that in the event tourism is on course, there must be some reason why those persons operating in those sectors are not benefiting from that level of tourism. At least they should be as happy today as they were one season ago when, at that point, we were being told that every thing was on course for a bumper tourism season. We are getting very conflicting signals and even the Government has said that this is an emergency programme. The Government itself is actually trotting out very conflicting information about the performance of the tourism sector.

What is happening relative to employment in the tourism sector? Sir, despite what the Minister has said, many of the tourism establishments have laid off their workers. The Minister, apparently once this is said, would like to be provided with a head count, but this is not possible. I do not have such information and I do not think it is information that is readily available to persons other than tourism planners or perhaps the National Insurance Department. There is evidence that there has been attrition in the tourism sector, both in terms of persons working in established tourism entities as well as those working in the construction of new tourism entities. I would like the Minister to respond to some of those issues for me.

I would also like to say in regards to the Caribbean Emergency Response Programme, I do not remember what the Minister said about the life span of the Programme, but I would hope that it is not another fly-by-night scenario. We in the Caribbean have been very good at thinking up initiatives which, during a very short time span, have made sense and also a lot of money has been put into them. The entities have not been able to perform in the way that was anticipated then. Twenty years later, Governments in the Caribbean have had to come up with millions of dollars to

pay off arrears from debts incurred on large bureaucratic establishments.

One point which the Minister needs to appreciate and perhaps I think it is something that the Government needs to appreciate too in a wider context is that, according to the Minister, Barbados may be pursuing the right strategies at this time. It is even more vital that the other economies in the Caribbean, particularly the OECS, are also going to be performing well because our fortunes are very much tied up in the performance of many of those Eastern Caribbean countries; those sectors that buy many of our goods, as I said, whatever is left of our manufacturing sector.

I also think that what has happened to the Barbadian context down through the years is very much related to the performance of other economies within the Eastern Caribbean. Therefore, Barbados should see it as its mission to ensure that this Programme is successful and that the other countries in the Eastern Caribbean are also able to enjoy the full benefits of economic growth, if not it will have a draining effect on the Barbados economy. There are no two ways about it and we would be carrying a disproportionate share of our obligations, as has been our history down through the years.

The last point I need to make is that the Minister needs to tell us what is happening relative to the Airport. I do not know whether there have been changes in recent times at the Airport that would have made it less user-friendly. I suppose one of the things is the foot-and-mouth disease carpets that were put down that required everyone to pass through a certain channel in order to reach the arrival lounge.

I have noticed that in recent times the conditions at the Airport have deteriorated. There is a lot of confusion, both on the tarmac, if there are a lot of planes there and also in the walkways, which I think is going to need some attention. The Government needs to admit to the public that there are obligations to meet arising out of the September 11th disaster and that the Americans are going to impose conditions on all of us relative to airport security. Following the impression that is given that we have generated changes at the Airport to avert a disaster in Barbados, what we need to recognize is that those have been imposed on us because if we do not accept those requirements, we may very well not be able to benefit from what is left of tourism out of the United States of America. Therefore, let us be frank about that.
2.50 p.m.

Sir, everybody knows why the lane was closed off at the Airport. It is not a state secret. The Barbados Government complied, but suppose the Barbados Government did not comply and left the lane open...

Asides.

Mr. D. J. H. THOMPSON: ...American Airlines. There are things across the road now and you cannot offload passengers there.

Sir, as I say, the Government would give the impression that this is some plan that it had to improve the flow of traffic and the security arrangements at the airport, as if it were generated by our own internal desires.

There are things that we are going to have to do to comply, as I said, with the requirements of the US Government relative to the security of its citizens. The Minister needs to tell us what some of those obligations will be, the cost of those obligations and where many of the other countries in the Caribbean, which would not have the resources are going to find those resources to improve their own security arrangements, Sir, because it will obviously be another consideration, particularly relative to the new design of the Grantley Adams International Airport.

Sir, those are some of the things to which I would like the Minister to respond.

Hon. Sir HAROLD St. JOHN: Mr. Chairman, I am very pleased to hear from the Minister that he obviously is in a much more optimistic viewpoint, how Barbados will fare as a result of the impact of the events of September 11, 2001 than hitherto was his position.

Sir, observing the British market and some of the other European markets, we see clear indications that the people in those countries, while not taking in their stride the events of September 11, 2001, certainly have not allowed them to affect their travel plans.

However, I want to ask the Minister about the position in relation to the Caribbean owned airlines. I find it strange that in all of the documentation I have seen, I have not seen a consistent attempt being made to have a new approach to the aid that can be given to these airlines. Sir, particularly in my view, a review is necessary now because if we think of it, on any assessment, we would realise that our dependence on the non-Caribbean airlines far from lessening is becoming greater.

I know that part of this is the fault of the Caribbean airlines. If they were consistent with the modern trends in the world, they would do something to have a more rational and coordinated effort and I believe that their positions would be improved. Perhaps, the Government should use this occasion as an opportunity to put more pressure on them in this area.

We are in a very dependent position and I hope that we realise that our aviation industry, far from progressing, has regressed in my opinion. We find ourselves in a position today in which the majority of countries are in Category 2, as far as the FAA is concerned.

Now, I had the honour, many years ago, to be a Minister of Civil Aviation and at that time the signs were clear that unless the Caribbean had a harmonised approach to safety, a regulatory framework and a framework for training human resources in the aviation industry, we would find ourselves in a position in which foreign countries would cease to recognise our aviation capacity, and that is exactly the position we find ourselves in today.

We must recognise that we cannot pay on an individual island basis for the expertise that is necessary to have a full blown, competent aviation agency for oversight, economic regulation and human resource framework. It can only be done upon a regional basis. I hope that Barbados' position on this matter would be crystalized along the lines I suggested and that we will make our position known throughout the region.

Again, I must say that we regressed because we used to have a Caribbean Aviation Training Institute in Trinidad where the pilots, mechanics, avionic experts and avionic technicians were trained. Sir, that was discontinued. We were working towards a common aviation, navigation regulation. That was discontinued. We even had a draft proposal for a treaty on a regional safety and regulatory body. That was discontinued. Sir, that is why I say we have regressed.

As far as our own airport situation is concerned, I had a bitter experience yesterday. I went to the Airport to meet some people who came in from London. Monday is traditionally known as an exceptionally busy day. Apparently, this past Monday was extraordinarily busy because that is the first or second time the AC transfers from London met up with the start of the Fall and Winter increase in traffic. I believe there were some four or six flights on the ground between 2.30 p.m. and 4.30 p.m. Some started to come in at 12.00 noon. I met some old people from England, some Barbadian and some non-Barbadian, who complained that they had to wait five hours for their bags.

I asked what had happened and I was told that a certain airline did not do what was required in the country of origin, which was Manchester, and that is, to have the bags tagged clearly, those that concerned the AC transport because the arrangement is that they move from the tarmac straight down to the port. Sir those bags were mixed up with the other international baggage coming into Barbados. It could not work, so what happened was that all the bags

went to Bridgetown and they then had to be sorted in Barbados.

Sir, that has nothing to do with Barbados but I raise it for this point. Many persons who do not understand and know the difficulties under which we operate, would then say that that is the fault of the administration here in Barbados, when in truth and in fact, it is not the problem of the administration in Barbados.

3.00 p.m.

Where the administration in Barbados is at fault is for not calling for an immediate enquiry. I hope they would have called the relevant airline to their office, and they would have to come to see the inconvenience that has been caused to their own passengers.

I want to point out that there were few people from the airline who were there to calm the nerves of the passengers or to give them information. In other words, the bad service that the passengers got did not originate in Barbados, but with the airlines. That airline should be ashamed of itself for calling itself a big international tour operator and for ignoring the elementary rules of common courtesy and good service to their own customers.

Now, the aviation authority in Barbados should not feel that they cannot take action against those airlines. Those airlines come to Barbados and they must obey the rules that we set. If they want to have the advantages and the conveniences of good, safety transport, which I agree with, they are subject to obligations and should be told – and I hope now that we mention it, I mentioned it to the Minister and I mentioned it publicly – that that was a terrible injustice to the passengers. The most hurtful thing, as some of the passengers described it, was that when they looked around for a representative of the airline to ask questions they found two young ladies who did their best, but not one of the big ups in the airline knowing of the situation from 12.00 noon to 5.00 p.m. did not think they were under an obligation to come down into the Arrival Hall and do something about it, so they left two young people down there to bear the brunt of the wrath of the passengers.

I feel so strongly about it that the head office of the airline should be informed about what took place. I am looking forward to the Ministry – this is the function of the people in the Airport, they are in charge of running it – having an enquiry into what happened with the flights on Air Tours yesterday.

Now, Sir, I hope that some of this money that is being voted will be spent, not necessarily on the tour operators, the airlines or on advertising but on what I call the general tourism environment, because we have problems with our general tourism environment and there is a need in Barbados for some money to be spent on that. One only has to follow

the Press to see that people are still complaining about the lack of basic facilities in certain areas.

The Honourable Member for St. Lucy is always making points that the tourists are not being encouraged to go around the country to spend money with the locals. Now, recent surveys have indicated quite clearly, whether you believe the percentages or not, that there is a large amount of integration and contact between the tourists who come to Barbados and local Barbadians. But we are not going to have that if our sign posts on all the roads in Barbados are pointing in the opposite direction or some of them are dropping down, but that is the fault – I do not see the Minister here – of the Ministry of Public Works and Transport. This is indicative of the indifference with which they do their duties. I do not believe in mixing matters on that.

I do not mind the talk about the roadworks that is going around because Barbados is going through a major infrastructural upgrade. Much of the infrastructure in Barbados is over 100 years old. This is the beginning of a new century. We must be sufficiently strong-willed and committed to ourselves to let people understand that they need to have a little bit more patience at this time because we are renewing our infrastructure. There is no excuse at all about the signage or bush, and some of this money should be spent in that direction.

I hope that our new Ministry of Environment will take a broad view of their powers and of their authority. My conception is that the Ministry of Environment is a super ministry that should haul other ministries over the coals and expose them if they do not do their direct work, or if they neglect their functions to such an extent that that neglect impacts upon the general environment. That is my view. If the individual ministries who are in charge of a particular subject do not carry out their work, I hope that the Ministry of the Environment, being in overall charge of the environment, will regard it as their duty to see to it that the powers that be know where they are neglecting.

The last point I want to make is this. I feel that more research should be done in the tourist industry, particularly in the accommodation industry, so that once and for all we would understand the impact of the non-hotel sector in the accommodation area. For a long period of time in Barbados, in my opinion, the role of the villas, apartments and rooming houses has been underestimated. That is my view.

I have witnessed with my own two eyes districts in my own constituency where chattel houses are being used to provide accommodation services and they are now invading the constituency of the Honourable Member for Christ

Church East, Silver Sands, and they are even in Scarborough and they will reach St. Philip too because that is the pattern of what is happening. I can take you to two or three houses in Scarborough now which carry on the business of providing accommodation services with chattel houses.

Mr. CHAIRMAN: The Honourable Member has got 30 seconds left.

Hon. Sir HAROLD St. JOHN: Yes, as I was saying, I hope that that area would be looked at.

So that, Sir, is my contribution.
3.10 p.m.

Mr. Chairman, this is turning into a healthy tourism debate. Let me first speak to the issues raised by the Honourable Member for St. Lucy. First of all, he spoke about the US market and the development of the US market and the Canadian market and other Honourable Members spoke on the US market.

About two years ago in Barbados, there was much debate about whether or not our fortunes were well distributed on either side of the Atlantic. There was a school of thought in this country that Barbados had become totally dependent upon the UK market and the UK market was providing twice as many tourists as the US market, and that that did not augur well for tourism in Barbados for the future. What happened is that the Government took a very serious look at where we were throwing our resources and made a serious effort to deploy more resources into the US market without neglecting the UK market which had this close affinity with Barbados and was doing so well for our country.

We made efforts to increase the level of airlift, particularly out of the US market. We took painstaking steps to deploy more human resources in that marketplace and the result was that September 11th may have slowed a number of initiatives, but we attracted another US carrier to Barbados. That US carrier is US Airways which flew in on November 3rd.

There were plans before September 11th, for Delta Airlines to fly into Barbados beginning the summer of 2002, non-stop out of Atlanta. There were also efforts on the table for Continental Airlines to fly out of Newark, beginning as well in the summer of 2002. In addition to that, American Airlines had already agreed to have an extra service from Miami daily because of the excess bookings and because we were doing so well. A lot of it had to do with the VFR traffic that I spoke about previously. We had already got American to agree to give us back a jet service out of San Juan.

Sir, those four or five initiatives alone we believe

would have substantially changed our fortunes in the US market. For example, if US Airways flies out of Philadelphia, do not only think in terms of Philadelphia but the banks that are opened, the source markets that are opened up behind that gateway. Those in Philadelphia are totally different from the ones that American Airlines use, for example, through New York or through Miami. It means that the catchment areas behind those gateways would have made so much of a difference to our US business once we did our homework in terms of our road shows, our marketing, the whole gamut of marketing, we would have been doing very well.

Sir, September 11th came and the same people who were shouting about our moving resources into the US market and out of the UK were happy that we had the kind of business that we have in the UK. With the immediate fallout of that US market, we still have the UK market doing well. It is to our credit as well, Sir, that when the Honourable Member for St. Lucy speaks of the Canadian market, he does not even begin to understand the issues of which he speaks. He is seized of a high level of ignorance on the Canadian market and tourism generally.

Up to the end of October of this year we have generated 87 203 passengers out of the Canadian market as opposed to 92 229 last year, a 5.4 per cent falloff, but the highest level of Canadian visitors that have come to Barbados since 1990.

One of the reasons why the Canadian market continues to give us some difficulty is because from the western side of Canada there is no, or substantially little airlift. Therefore, what happens is that you have to overnight in Toronto to get into Barbados. Many passengers are not prepared to do that in terms of leisure business. What we have been trying to do over the period of time is to work on creating additional airlifts.

Canada 3000 just went under but the other issue is that when Barbados did well out of the Canadian market there were a number of Caribbean countries which were not in the mix and playing, for example, the Spanish Caribbean. Once the Spanish Caribbean came on and the Canadians were having trouble with their economy, many Canadians opted for the Spanish Caribbean which was substantially cheaper. They could get a higher level of product at a substantially cheaper cost than they could have gotten in the rest of the English speaking Caribbean. That caused a problem.

Sir, what we have been doing in recent times is looking at trying to get back not only those coming out of Toronto and beyond Toronto but also looking at how we can create non-stop airlift from Western Canada into

Barbados. Once we succeed in doing that, I believe what you will see is a resurgence in our Canadian numbers that would take us somewhere near to our 1970s numbers. The point must be made that there are a lot more people now playing in the tourism industry regionally than there were at the time when Canada was our major source market.

One of the issues is that the Spanish Caribbean has come on line and it offers a value for money relationship that the English speaking Caribbean, particularly the Eastern Caribbean, cannot offer.

Sir, I want to move on to another issue. The Honourable Member for St. Lucy also raised the issue of home-porting and whether or not we need to have our port shut up by getting other people's passengers. Let me say, first of all, that I take the Honourable Member for St. Lucy's point. I believe that there is nothing wrong and to his credit, it is the first good idea he ever had in his life, that of letting them see a little bit more of Barbados on the way down to the port. I have no objection to that. I think it is a laudable idea and a concept that maybe we had not considered. Home-porting does create some level of supply in Barbados through the cruise ship industry. Transportation, for example, is particularly critical in home-porting. Supply of goods and services to the ship while in port is also important. Many of those ships stay overnight in port in Barbados and that opens up avenues as well for shopping, entertainment, and to restaurants and dining. Therefore, Sir, it was really uncharitable to say that home-porting just clogs up our port and causes a problem for other people's passengers. That is nonsense.

Home-porting does well in terms of enhancing the profile of Barbados in the marketplace. When people talk about a ship docked in our port and staying there for x number of hours, it also enhances the profile of the destination and particularly in our key market places. The crew also participates. They eat here and do all kinds of things and there is a concept of supplying services as well to the crew. Sir, it would be uncharitable to say that home-porting does not help our efforts in promoting Barbados and developing the tourism industry.

Sir, I also want to say a couple of things. The Honourable Member for St. John continues to push the issue of the Barbados Tourism Authority and whether or not the Barbados Tourism Authority is well geared to face the challenges we now have. I have said publicly, Sir, that this is not a statement that has only come from me. The Barbados Tourism Authority is an organisation that is valuable and has served Barbados well. We have all agreed, and it has been said by previous Ministers of Tourism on this Side, that one of the issues of the tourism industry and the way it is changing and the dynamic industry that it is, that the industry is private sector driven and it should be private sector led. That has been said not only by me but by

Ministers of Tourism before me on this Side.

You have to find the correct model which serves Barbados best because if you have a public sector driven agency that seeks to lead industry and you go to the East Coast of the United States and do all the good marketing in the world, and then the private sector takes all of its rooms and goes to the West Coast and sells them there, then we will be continually pulling and tugging against each other.

What we have been able to do in recent times is to create, in my opinion, a much better mix in terms of public and private sector cooperation in this industry.
3.20 p.m.

Sir, we need to find the correct approach and it is not going to happen by creating additional positions at the Barbados Tourism Authority, neither is it going to happen overnight because it has to be more fundamental than that.

There are issues relating to Barbados' tourism that needs to be looked at in the long-term. There are a number of core competences/initiatives that needs to be brought into the industry, not necessarily under the Barbados Tourism Authority, but they need to be brought in and looked at more seriously than we have looked at them before. We need to create a culture of research and development at the Barbados Tourism Authority because it does not now exist in the industry. Sir, we also need to create an e-commerce culture because a lot of business is in the hands of the consumer.

There are environmental issues that need to be dealt with under the agency that is seriously linked to marketing. There are also issues in relation to yield and yield management in this industry that we do not pay enough attention to and issues relating to vertical and horizontal integration in the industry. There are two or three big players emerging and there is one company in Germany which owns 179 airplanes and 189 000 beds in the Caribbean alone. Sir, can you imagine a company having control over our inventory in the Caribbean?

Sir, it is necessary for us to look at the Barbados Tourism Authority and create a better model that will speak to a number of issues in terms of where this industry needs to go, but it is not going to happen overnight. We have analysed the Barbados Tourism Authority and we think that the present model has outlived its usefulness, but we are not going to be pushed into a corner to make hasty decisions in relation to where the Barbados Tourism Authority needs to go.

The Barbados Tourism Authority as an entity now is competent to handle the issues that have come out of this crisis, but we need to take a more in-depth look to create

that perfect public/private sector model. The private sector needs to put their monies where their mouths are and stop expecting the Government to do everything for them in order to create that perfect model.

Mr. CHAIRMAN: I would like to inform the Honourable Member that we have five minutes to end the debate. The Honourable Member has one minute to conclude.

Hon. N. A. LYNCH: Sir, I want to say a few things in relation to the Airport. We are about to sign the contract to begin work in December at the Airport.

The Honourable Member for Christ Church South spoke about aviation and aviation development. I do not think that aviation will be the same again particularly after the events of September 11th. The Honourable Member for St. John spoke about security issues. There are a number of security issues we have to deal with at the Airport. We have to comply with the FTA and the Civil Aviation Organisation but it does not make a difference who makes the suggestions about security. The point is that we have to deal with a number of issues and this crisis has caused us to look seriously at our security in conjunction with the global initiative to secure airports and make airports and airlines more secure than they were before.

In terms of traffic, we have been able to bring three more airlines into Barbados. These three new airlines are coming in at the same time as those already on the grounds so we now have Air Canada, American Airlines, US Air, Britannia, Airtours, Virgin Atlantic Airlines and British Airways all coming in at the same time because they cannot get a slot from their originating destinations at another time, so all of these airlines are forced into the same window at the same time and this will create no end of problems at the Airport. However, Sir, this is not a bad problem to have at this time because we need these airlines to come here.

Mr. CHAIRMAN: The Honourable Member has 30 seconds to wind up.

Hon. N. A. LYNCH: Sir, I assure you that we are looking at the issues in relation to the Airport and once the Airport project gets under way, the congestion is going to be substantially decreased.

Hon. Miss M. A. MOTTLEY: Mr. Chairman, I beg to move that Head 19 stand part.

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

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

HEAD 23 – MINISTRY OF HEALTH

Hon. Miss M. A. MOTTLEY: Mr. Chairman, in begging to move that Head 23 stand part, I want to say that this supplementary is being requested for the purpose of the South Coast Sewerage Project and is split in five major ways.

The majority of the funding \$16 090 579 is going towards structures, which is broken up between micro tunnelling – Contract 2A, the Sewerage Collection System – Contract 2B, the Property Connections – Contract 4 and Purchase of Equipment – Contract 5. In addition there are some monies owed to the engineers and other professionals and this is being asked for under 616 Professional Services – \$3 800 000.

Given the limitation of time, I will not be able to brief this Committee as I would like and was prepared to, but in the circumstances I would also want to say that it is significant that this project which has been going on for some time is coming closer to an end. Indeed, Sir, Contract 1, the construction of the sewage plant was completed, Contract 2 which is broken into 2A and 2B was delayed as a result of the decision to have the contract with Cubiertos suspended and the breach occurred in respect of that contract. I believe the formal arbitration hearing will start in April 2002 but this matter is of some concern to the Government since a substantial sum of money would be at stake in respect to the arbitration proceeding.

The micro tunnelling was fitted away from the remaining of the other sewerage collection and in the circumstances the micro tunnelling contract was awarded to a joint venture between Kier and Wydig. Those who traverse Christ Church on a daily basis will tell you that where the micro tunnelling occurred there has been far less obstacles than the open tunnel approach.
3.30 p.m.

The existing micro tunnelling extended further, because it has eased the pressure considerably.

Mr. CHAIRMAN: I think the Member has extended her time.

Hon. Miss M. A. MOTTLEY: I am obliged to you since I cannot speak any more on the matter.

Mr. Chairman, I beg to move that Head 23 stand part.

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

The question that Head 23 stand part was put and resolved in the affirmative without division.

Hon. Miss M. A. MOTTLEY: I beg to move that Head 38, as amended, stand part.

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

The question that Head 38, as amended, stand part was put and resolved in the affirmative without division.

Hon. Miss M. A. MOTTLEY: Mr. Chairman, I beg to move the amendment to the Explanatory Note to Head 19 as stated.

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

The question that the Explanatory Note to Head 19, as amended, stand part was put and resolved in the affirmative without division.

Hon. Miss M. A. MOTTLEY: Mr. Chairman, I beg to move that the Explanatory Note to Head 23 stand part.

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

The question that the Explanatory Note to Head 23 stand part was put and resolved in the affirmative without division.

On the motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. Miss B. A. MILLER, Mr. CHAIRMAN reported to His Honour the SPEAKER the passing of one money Resolution, with amendments, in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. Miss M. A. MOTTLEY, seconded by Hon. Miss B. A. MILLER, the Resolution was read a first and second time and agreed to.

ORDER NO. 12

TO MOVE THE PASSING OF A RESOLUTION TO APPROVE
IN ACCORDANCE WITH SECTION 28 OF THE LAND
ACQUISITION ACT, CAP. 228 THE SALE OF LAND
SITUATE AT MOUNT TABOR ST. JOHN
TO THE MORAVIAN CHURCH
BARBADOS CONFERENCE

Hon. G. A. CLARKE: Mr. Speaker, the Resolution before this Honourable House pertains to the sale of 3 878.5 square metres of Crown land at Mount Tabor, St. John to the Moravian Church Barbados Conference.

Sir, some time in 1981, the Government compulsorily acquired some land at Mount Tabor, St. John, for the purpose of constructing a new primary school by Statutory Instrument No. 11, 1981. However, it was subsequently discovered that only 50 per cent of the land would be utilised

for the construction of the school. The remaining vacant area measuring 3 878.5 square metres comprised an old school building and a cemetery. The Moravian Church has made a request to Government to purchase this residual land. Since March 2, 2000, it was agreed to sell the land to the Moravian Church on the condition that it would be sold at \$7 500 per acre, and that the old Mount Tabor School building be returned to the Church free of cost to facilitate its community outreach programme.

Sir, in light of the above, the Ministry of Housing and Lands in accordance with Section 28 of the Land Acquisition Act, is now proposing to seek parliamentary approval for the sale of this land to the Moravian Church. The land was surveyed by Mr. Devere Walcott and recorded in the Land and Surveys Department. The Honourable Attorney General has also certified that the Resolution is in order for consideration by this Honourable House.

Mr. Speaker, I beg that this Resolution for the sale of the land at Mount Tabor to the Moravian Church do now pass.

Mr. D. J. H. THOMPSON: Mr. Speaker, I rise to give my support to this Resolution but I want to make a plea relative to this area of St. John and to a lesser extent to St. Joseph. The village that is immediately next to Mount Tabor on the northern side is Venture and is divided in two, part in St. John and part in St. Joseph. Sir, the new Mount Tabor Heights Development is in St. Joseph so my plea covers that area, as well as Wilson Hill, Sherbourne, Wakefield, Lemon Arbor, Four Roads, Cherry Grove, Spooners and the surrounding districts.

The school was constructed and because of its location on a hill next to a gully, it was not possible to provide adequate playing facilities at the school. The school has a small playing field and sometimes there are seven-a-side football competitions and other limited activities. The Ministry of Housing and I visited that facility and identified an area which would be suitable for sports facilities. It is a very large catchment and there are no areas of rab land available for sporting facilities. It is necessary for the Government, to my mind, to identify an area and earmark it for such sporting facility.

Sir, I suppose it is the opposite in Barbados because, in some cases, we will have to take some areas out of production to provide for community amenities. This has happened before in the areas of Claybury and Mount Tabor but in England it is the opposite. Government is under criticism for releasing sporting facilities for development. Many comprehensive schools have large playing areas that are now being released by the Government because they are

not being used. Here in Barbados we have built new schools without providing adequate sporting facilities for them.
3.40 p.m.

I made an appeal to the Minister to work assiduously in identifying that area and in making arrangements to acquire some land for that purpose. I also hope that the decision to give the property back to the Church for its community development programme will not end the matter there, because very often, despite their best intentions, church organisations have been given back their properties but have left those properties to run to ruin. I would hope very much that that does not happen to the Mount Tabor Church.

The truth is that the Church has not been able to properly manage the graveyard effectively. This is a problem we have in Barbados too because there are many graveyards that are completely overrun and therefore, I think the Government may need to ensure that in giving back the Church its property, it does not simply increase the burden on the Church and that efforts are made very quickly to help the Church in establishing the community programme in that area. I think there is a need for some kind of programme like that.

The Wilson Hill Community Group, which is an extremely successful community organisation, has its own club house but by and large uses an open area for its programme. The Wilson Hill Community itself does some work at the Mount Tabor Moravian Church and, therefore, I would hope that the facilities at Mount Tabor would be used in that regard to assist the Wilson Hill Community in expanding their programme. Also, there is both an active church group and a men's organisation. The school itself, which is a new school, has to find ways of integrating itself into the community more effectively. Therefore, as I said, once this land is given back to the Church, it will not just be another derelict church property in Barbados, but will be involved in developing an adequate programme for the utilization of the building.

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

Mr. D. St. E. KELLMAN: Mr. Speaker, I have a problem with this because, as you know, Sir, in this Parliament I have been complaining about the usage of the Land Acquisition Act. This is a clear case where the Government has been using the Land Acquisition Act in order to take land that sometimes they do not need. When this is used against the masses, it is even worse, Sir. As you are aware, there are other areas in Barbados where Government has taken land from the masses, only sometimes to use a very small portion to build a road. I am, therefore, saying that as a matter of policy we, as a Parliament, need to make sure that whenever the Minister of Housing comes to Parliament to acquire land, he does not do so to acquire a much larger portion than is required for the particular

project, while bearing in mind that sometimes when this land is taken, it is not done with the interest of the person at heart. Therefore, we must make sure that the Land Acquisition Act is not used against the people of Barbados and that we should safeguard the rights of persons.

I do not think that a Parliament like this should be seen as one that takes land away from those persons who need it. That is why I will continue making the point that the Land Acquisition Act of Barbados cannot any longer continue taking up people's land and giving them money. I am saying that if we, as a Parliament, are progressive, we would put in a rider which will allow the vendor to have a right to choose between money and an alternative piece of land. I have warned this House that I am seeing too many occasions where the interest of the vendor is not being served. As you know, Sir, sometimes we get into situations where, when the money is paid out to those vendors, it is not enough to buy back an alternative piece.

I also want to support the point that Government should not just be giving back the piece of land, but must also take into consideration the cost of putting the particular property back into the same, or a better condition than it was previously.

Sir, as you are aware, the Government of Barbados – and not any one particular Government – has used properties belonging to the Anglican, Moravian and other Churches. When those properties are given back, sometimes it is done so with the properties being in conditions that are not suitable. That is not fair to the Church and sometimes I wonder if Government does that to the Church, what would they do the people? Sir, I am hoping that we would change our attitudes and would recognize that we need to treat the Church a lot better than we are treating them at this present stage. I thank you.

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

Mr. L. R. TULL: Mr. Speaker, I have some recollection about the acquisition of the land at Mount Tabor by the Government in 1991 when I was Minister of Education. The reason for acquiring it is well known by the Honourable Member for St. John, that the school at Cherry Grove, St. John was becoming a little derelict and, more importantly, there was no land around the school for recreational facilities.

The decision was, therefore, taken at the time to acquire land that would be more in the centre of the catchment area and would also provide land for a playing field for the children. Sir, the Honourable Member for

St. Lucy always uses the omnibus argument with every land acquisition. He brings in the point about taking land from people without allowing them to make a decision and when giving the land, we should be doing so on such terms or conditions, *et cetera*, but this is not of the same kind.

At the time, from my recollection, the Church had agreed to the taking over of the land, not only because of the need to close the school at Cherry Grove and to find a new location but because of the Moravian Church's historical relationship to education in this country. They have a fine and outstanding record of achievement in the education of children in this country from the days of slavery. The Mount Tabor Moravian Church was delighted to have the school constructed on its immediate environs and that was done.

Sir, I do not know the recent history of the land but I do know that when it was acquired by Government, it was not only done so for the provision of the school at Mount Tabor but also for the provision of recreational facilities for many of the districts surrounding the school, of which the Honourable Member for St. John spoke a few minutes ago. Sir, to the issue of land not being fully used for the purpose for which it was intended, I do not think that that is an indictment of the Government, nor merits the criticisms that we take land from people without taking their interests into consideration.

However, I would like to add an additional point. With all the problems pertaining to the shortage of house spots in Barbados, all of us who represent our various constituencies know that we are constantly under pressure from persons wanting house spots. The area of Mount Tabor has already been approved for housing with a number of houses to be constructed in the neighbourhood. I was therefore, wondering, and in wrapping up perhaps the Minister of Housing can explain to me why we are so anxious in giving back the Church. What is the Church going to do with the land? They did not seem to have made any good use of it 20 years ago and with things more difficult, with the Church itself in need of repairs, there is no money to maintain the graveyards, *et cetera*, the situation is more difficult now and so, what is the Church going to do with the land?

Aside.

Mr. L. R. TULL: Sir, there is this continuing pressing need for building lots and with the new information that I have gleaned that they want back the land, it would be useful that before I come to any judgment...
3.50 p.m.

Aside.

Mr. L. R. TULL: I get more information as I speak. I certainly was not expecting the good houses in the graveyard and I am understanding that what, in fact, they want back is

the graveyard.

Aside.

Mr. L. R. TULL: I know they want back the old school but I understand now, Sir, that they want back the old graveyard.

Thank you, Sir.

Hon. G. A. CLARKE: I would wind up by saying that the land is residual land that was bought from the Church, as mentioned before. It comprises of an existing graveyard, the old school building and just a few square feet of land to the east of the old school.

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

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

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

ORDER NO. 13 – RESOLUTION TO APPROVE THE
COMPULSORY ACQUISITION OF LAND AT
MAXWELL, CHRIST CHURCH FOR THE
PURPOSES OF THE PROVISION OF
ACCESS TO THE BEACH AND
PUBLIC PARKING FACILITIES

Hon. G. A. CLARKE: Mr. Speaker, the Government is very concerned about access to the beach across Barbados and wherever possible, we would acquire these strips of land to provide these accesses. The Government is currently acquiring land at various points along the South Coast, the West Coast and on the East Coast to provide parks and accesses to the beach for all Barbadians.

This Resolution before the House today seeks permission to acquire 496.5 square metres and 1 310.5 square metres of land at Maxwell, Christ Church, for the provision of access to the beach and public parking facilities.

These two sites, Mr. Speaker, were visited since 1998 with the Prime Minister, the representative of the area and a representative of the Town and Country Planning Department. It was decided that a parcel of land, east of the San Remo Hotel, which consists of 8 864 square feet which had been purchased by the Sun Builders Limited for the construction of a hotel, should be acquired for beach access. Also, it was agreed that the Government should acquire the parcel on the northern side of Highway 7, east

of the late Dr. Ward and owned by a Mr. Worth, for public parking facilities.

There are two parcels. One across the road for parking facility and then the small piece, east of San Remo for beach access. The relevant surveyor plans are in order. They were certified by Mr. Cyril Foderingham in March 2001, which is also recorded in the Lands and Surveys Department.

Mr. Speaker, the Attorney-General has also certified this Resolution and with those remarks I beg to move that this Resolution do now pass.

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

Mr. D. St. E. KELLMAN: Mr. Speaker, I rise to support the concept but I have a problem. Sir, we in this Parliament today spoke a lot about the development of community tourism. We acknowledge the contribution of community tourism and I cannot see why, if we are going to acknowledge the importance of community tourism to this country, we will be taking this piecemeal approach and acquiring land so that you can have beach access, so that people who want to be part of the tourism product can have the opportunity of being part of the tourism product without necessarily having to own a piece of land on the beach.

It tells me, Sir, that we have not yet gotten to the stage to appreciate community tourism. I have said on many occasions in this Parliament that if we are going to be serious about community tourism, one of the first things we have to do is to provide access to the beach. Sir, you do not necessarily have to own land on the beach to feel that you have a right to the beach. Until we do that, Sir, we are not going to go anywhere with community tourism. We also have to appreciate that if the Minister of Tourism really understands what community tourism is about, he will be the one leading the fight and not the Honourable Member for St. Lucy.

You cannot come in here and tell people the significance of community tourism and not be leading a fight to have more access to the beaches of Barbados. I am saying, Sir, that I thought I would have seen a detailed acquisition today, from as far as St. Philip, right through to the north in St. Lucy.

For example, Sir, I do not understand why I could not have been in here today debating an acquisition dealing with road access to Maycock's Beach – one of the best beaches in Barbados – which would allow the people in the north to utilise the facilities and to tap into the community tourism, when that parish happens to be one of the most beautiful parishes in Barbados, and it is untouched.

In other words, Sir, you do not have to have hotels in

a particular parish to be part of the tourism product and you must tell that to the Minister of Tourism. You must also instill in the head of the Minister of Housing that Barbados needs to be developed, and the Honourable Member needs to come to this Parliament with innovative plans to help push the country forward.

This piecemeal approach, Sir, cannot be accepted by this Parliament, especially in a time of a crisis. I have said already that we have to look at the opportunity cost of everything we are doing and we must maximise our output to make sure that our inputs are also maximised. I am saying this one piece deal and piecemeal approach must change and the Cabinet of Barbados must speak to the Minister of Housing.

I also know, Sir, that there are other Members on the Back Bench and the Front Bench that do not like this approach. There has been a long time that we have been asking the Minister of Housing to compulsorily acquire some land at Lowlands in St. Lucy and he has not even visited that land as yet.

I am saying, Sir, we have to understand that the world is not waiting on us. If we continue to drag our feet what we are doing is slowing down the development of Barbados. I have said it Sir, and I do not have a problem of saying it. 4.00 p.m.

Asides.

Mr. SPEAKER: Please! Please! Please! You are correct though but... Please, could you allow the Honourable Member to speak?

Mr. D. St. E. KELLMAN: I am surprised that the Honourable Member for the City ...

Mr. SPEAKER: Please, could you continue to address the Resolution, please?

Asides.

Mr. D. St. E. KELLMAN: I thought better of the Honourable Member who went to school at Coleridge and Parry, but he has lost his Coleridge and Parry days, Sir, because when he says that I am not addressing the issue, then he does not understand the issue at hand.

I am saying that what I am calling for is an access to the beach at Maycock's. I am not asking about digging up a road. I am asking about expanding the road at Maycock's.

Asides.

Mr. D. St. E. KELLMAN: No, you do not have to dig up the road to expand it. You dig up land to expand the road and not the road.

Asides.

Mr. D. St. E. KELLMAN: So I do not know what nonsense I am hearing in this Parliament, Sir. What we want is an extension. We are not asking for road repairs, Sir. This debate is not about road repairs. This debate is about having access to the beach land and that is what I am requesting, Sir.

Asides.

Mr. D. St. E. KELLMAN: Anyhow, what I am saying, Sir, is that we have to understand what community tourism is. What I am also saying is that if we acquire those necessary parcels of land, no matter where you live in Barbados you can market your property as having an access to the beach, and that is the most important thing. Barbados is too small for someone to believe that they do not have a right to get to the beach. If you do not have the access to the beach, how can you market that and how would that help us in all the confusion that we are having in the country where people believe that because land is being sold on the beach that there might be a problem. The simple solution to all of this is to provide the necessary beach accesses in the right location and you will not have that confusion, but as long as Barbadians believe that they cannot have the right, like anybody else to get to the beach, you are going to have that confusion.

I do not know why the Honourable Member for the City is feeling so offensive about my statement when she can appreciate the beauty of living next to the sea.

Asides.

Mr. SPEAKER: The Honourable Member, please, you know that ...

Mr. D. St. E. KELLMAN: The Honourable Member for the City should understand and appreciate the rights of living near to the sea or gaining access to the sea. I know she would like everybody in Barbados, especially those living in the City to have a right to get to the beach.

Asides.

Mr. D. St. E. KELLMAN: Oh, you have seen to that but you do not want me to represent my constituents. That is why everybody in St. Lucy should have a right to get to the beach, and that is why I am calling on the Minister of

Housing and Lands to do the necessary so that every single person in St. Lucy and in Barbados can have the right to get to the beach.

Thank you, Sir.

Hon. Sir HAROLD St. JOHN: Mr. Speaker, Sir, I obviously welcome this Resolution because it is trying to preserve for public use by public ownership an area in my constituency which has been used for over 60 years, to my knowledge, by the people from Maxwell Hill, Cane Vale and Maxwell Coast as access to the sea until the sale of what was San Remo Hotel, which is now called Windsurf Hotel. There is no question about it that this area of land was used as access to the sea but after that sale took place, certain developments began and it became obvious that unless something was done by the Government, the whole of that open area would have been used for the legitimate activity of windsurfing, but at the same time the other activities which can be carried on concurrently with windsurfing would have been denied access.

My understanding of the situation is that only part of the land is being acquired. The land on the opposite side of the road, because of the particular configuration of the land on the seaside and its incapability of providing adequate parking and changing facilities, has got to be acquired.

Now, the acquisition of the land on the other side of the road is necessitated by the fact that there is a derelict building thereon. That building was a finely constructed building years ago but, unfortunately, its present owner who happens to be a non-national of Barbados, who dearly loves Barbados, has found herself in a situation in which she is looked after by her home state and she is not in a mental condition to make decisions with respect to that land so that the property fell into a derelict state. All the windows and the doors of the building are out. The public health authorities clean up the area periodically and since it is beautifully situated directly opposite this area of land, I am grateful that the opportunity has been taken by the Government to ensure that that nuisance is taken care of and that the property would be put to good use.

There is only one thing I have to say, Sir, and this matter was decided as far as I know over a year ago but governmental process takes so long that we are now towards the end of 2001 finalising this matter that should have been finalised long ago. I hope that the payment of compensation will not take as long a period because both the owner of the hotel and the administrators of the estate on the other side were very cooperative in this exercise and the least we can do for them is to ensure that the agreed compensation price flows quickly to them.

Thank you, Sir.

Hon. G. A. CLARKE: Mr. Speaker, 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 that the Resolution do now pass was put and resolved in the affirmative without division.
4.10 p.m.

ORDER NO. 15 – TO APPROVE THE
PASSING OF A RESOLUTION TO
BORROW US\$150 000 000
FROM BEAR STEARNS
& CO. INC.

Hon. R. R. FARLEY: Mr. Speaker, this Resolution is required under the External Loans Act of Barbados. Parliament will recall that as part of the emergency economic programme which was introduced into this Parliament on October 30 that it was announced that we would go to the market to raise US \$150 000 000. It was indicated as a precautionary measure, given the likelihood that the capital markets would tighten over the course of the next 18 months and that, in fact, we would take advantage of the current access to capital, its current low cost and the excellent credit rating which Barbados possesses.

In order to give effect to that announced policy, we need to approach this Parliament under the requirements of Cap. 94D of the Laws of Barbados to have Parliament's endorsement and support for the Resolution which is before us today. Of course, this is not the first time. What we are engaging here is nothing new.

I want to take the opportunity to bring the House up-to-date with the preparations which have been made so far for this loan and to indicate first of all that there has been considerable interest by a significant number of very noteworthy financial institutions, all of which have taken an interest and have been into very competitive bidding for the opportunity to do this placement for the Government of Barbados. That is very significant. What it meant is that we were able to do an analysis of the offers which were made and to find the offer which is most competitive and which most meets the needs of the Government of Barbados, which is an entirely different situation from one in which other countries have found themselves being not so creditworthy and have had to settle for whomever would take them on, and also had to settle for whatever terms and conditions they could muster.

We had interest from several entities including Bear Stearns and Company Inc., Citibank, Solomon Smith Barney, Credit Suisse First Boston as well as USB Warburg. Those are the leading companies which were short-listed.

We were able then to make an analysis based on the cost of the loan, not only in terms of interest rates, but also associated expenses. We were also able to look to make a determination and assessment of the recent experience of the firms in the Caribbean area.

We were very cautious in seeking to ensure that the firm which we chose as the lead bank, was the one which was accustomed to our Constitution, our Laws, our way of doing business and the needs of the Caribbean region. Also that they would have been accustomed to dealing with economies of our size. We were also able to pay very careful attention to the marketing strategy, distributional capability and institutional commitment of the institution which we chose.

On the basis of all that very careful and most rigorous ranking, we arrived at the decision to go with the offer which has been put forward by Bear Stearns and Co. Inc. This issue, Mr. Speaker, as indicated in the Addendum to the Resolution, is one which is fairly attractive. The terms are 20 years. The interest rate is just over seven per cent and as is required under the External Loans Act, a Sinking Fund will be established in which semi-annual payments will be made for the final redemption of the bond in 20 years.

As you would be aware, Mr. Speaker, Barbados has developed over the years this interaction with the multilateral institutions and, more recently with the capital markets internationally, an international reputation built on a few symbols. We have never defaulted on any of our debt. We have never requested or been involved in a general rescheduling of debt, and our word generally is good in the international financial community.

Additionally, Sir, we have always maintained a relatively low level of international debt compared to other countries both great and small. Our level of debt measured in relative terms, for example, the debt ratio relation to GDP which was at 21.5 per cent in the year 2000 but more particularly our debt service ratio, that is, what we are required to pay out of our export earnings on an annual basis, is a very important indicator of where we are at, and that for the year 2000 was as low as 6.4 per cent which represented a reduction from the 17 per cent such as it was in 1992, but even more recently represented a reduction from the 7.4 per cent in 1999 and 7.1 per cent in 1998. So the debt service ratio is good.

We have benefitted from successive enhancements and improvements in our investment rating. For those who are familiar with these matters, we now stand with an A-rating in terms of our credit worthiness by Standard and Poor's.

That was given in 1999 and still holds and a BAA2 ratings from Moody's Investor Service. That allows us to be able to command the kind of deal. In terms of a debt strategy, we will continue to maintain access to the traditional sources of finance, the Inter-American Development Bank, the Caribbean Development Bank and others.

Parliament, of course, would be aware that because of our successful management of the economy and the continued climb of our per capita income which now stands at BDS \$16 000 plus GDP per capita, we have been graduated from the World Bank and that happened a few years ago. In recent times some special windows have been re-opened for us and we were able to obtain financing for the HIV/AIDS programme and things of that nature.

We will continue to maintain access to our traditional sources of finance in the multilateral community but we will also continue to access new sources of financing by issuing debt securities.

4.20 p.m.

Sir, in terms of where we are in this matter of our debt to the multilateral institutions, \$226.9 million was expended at the end of 2000 and those are projects with the IDC, CDB and the World Bank with our continuing road programme, schools, and the usual social investment projects.

In terms of bond placement, some \$285.9 million was expended at the end of the year 2000. That figure in the international market includes US \$40 million which was secured in 1995 with a maturity date of May 2002; US \$75 million with a maturity date of September 2006; US \$100 million with a maturity date of 2010 and Pounds Sterling 27 million with a maturity date of 2015.

Sir, you can see that the new debt with a maturity of 2021 will allow for a very carefully planned phasing of maturity so that there is no danger of debt bunching. We will not be put in a situation where, in a given year, we are required to meet such payment for debt as would put us in any problem whatsoever.

Sir, we are satisfied that the Government of Barbados and the economy can more than adequately undertake this particular loan, the purposes for which have been fully discussed in the presentation of the Emergency Economic Policy Statement.

I beg to move that the Resolution in the support of the issuing of these securities under the External Loan Act of Barbados, Cap. 94D do now pass.

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

Mr. D. J. H. THOMPSON: Mr. Speaker, the presentation by the Honourable Member in this debate demonstrates that Barbados is a good risk for investors, which it has been for a long time. It demonstrates that Government does not need to borrow, which I would say is unique in the context of the history of Barbadian economic policy. It also demonstrates that the repayment period would be well outside of the likely term of office of this Government or even the political longevity of the Honourable Member who moved the Resolution.

Mr. Speaker, I am still trying to work out why the Government is borrowing this money. A few weeks ago we heard that there was a crisis on the world economic scene and that the Barbadian economy, along with all of the developing countries, was going to face severe testing times. Then, a week ago we heard that the crisis is not as deep as had been anticipated and that the Government was monitoring the situation very carefully, but yet one of the principal precautions that was predicated on the crisis being a deep crisis, the borrowing of an additional \$150 million is still being pursued.

Sir, I do not understand it. The Honourable Member for Christ Church East would have to explain it to me. Yes, I can go to the bank and borrow money tomorrow, but now I am not expecting the situation to be as bad as I originally anticipated, so why am I going to the bank to simply borrow money and put it in a sterile account and burden future generations with additional debt? Sir, I do not think that any reason has been advanced.

Of course, the Government of Barbados has options in terms of the number of people who would want to lend it money. With an A minus rating, people should be knocking on our doors, but other people in Barbados who have money whose doors are being knocked on do not jump at every opportunity to borrow from every conceivable bank. They try to manage their resources so effectively that there is no need for them to borrow. Therefore, what may appear to be a rosy picture painted by the Government, to my mind, demonstrates in every sense of the word why Government does not need to borrow this money. This is the first important point that needs to be made.

The second point that needs to be made is that Government must not doubt that part of the capacity which deals with difficult economic situations to hover at the edge of a comfort level. By that I mean that people will not feel it necessary to carry out any fundamental change if their comfort level is high.

In the United States of America, individual States which need to carry out reform to attract investments are paying out millions of dollars to companies to remain operational in those States without any attention being paid

to the fundamental changes that those companies need to make to remain viable, or the economic policy that the State itself is pursuing to maintain that level of investment. As long as you have money in the bank and Government continues to boast that its reserves are high, then you are not going to get, in the context of the Barbados economy, the kind of changes that I still feel are desirable.

Of course, the Government and the Opposition divide on this because the Minister of Finance has made it clear that as far as he is concerned, structurally the Barbados economy is completely sound and that Barbados faces problems only to the extent that the world economy scenarios may impact on the Barbados economy. This is the first time in history, according to him, that we have found ourselves in that position. This clearly flies against reality or the historical record in Barbados because there have been times when the Barbados economy has, in fact, been doing well but external circumstances have had a tremendous impact on it and some internal ones as well, but the Government cannot remain completely blameless.

In the context of the particular Resolution before the House, the Government wants to have it both ways. It wants to say that things are rosy and wonderful but yet it wants to saddle future generations with a burden it does not need.
4.30 p.m.

Secondly, what are the principles and philosophy that are informing foreign borrowing in Barbados?

When the Government came to office, it said that it was borrowing only to the extent that it needed to undertake the repayment of debt for the purposes of amortisation. Now, the Honourable Member for Christ Church East cannot even stumble on an explanation, despite all the high-sounding words that his brief contains. He said that Government will have a judicious borrowing policy which will include, and he listed all the institutions that we will borrow from. However, he has not said what the policy is for borrowing and why will we be borrowing. Are we going to continue borrowing when things are going well for the sake of borrowing, or for precautionary purposes, or are we going to pay our own way?

Sir, the borrowed money is from people outside of Barbados. It was once a fundamental principle of ours that if you cannot pay the subscriptions you should not join the club. There is no reason why we need to borrow at this time. If we already have the A-rating, what is the reason for the borrowing? The Honourable Member for Christ Church East could not even stumble on an adequate explanation for that.

Relative to the choosing of Bear Stearns & Co. Inc, there is nothing new in that information. The Government has always had options available to it. In 1992 and 1993, a number of banking institutions wanted to be the lead

arrangers and to put together packages for us, even at a time when we did not have an A-rating. Bear Stearns & Co. Inc, Bankers Trust Citibank and the London market were lining up to lend money to Barbados. This has never, to my mind, been a major issue for Barbados. Therefore, I am extremely wary of the manner in which the Honourable Member for Christ Church East, as the new Minister of Economic Affairs, could come to this Honourable House without even identifying clearly what the Government's policy would be, as it is relative to the borrowing of money.

I assume that if you saw something on the horizon that required a major intervention by the Government in the future, if you had laid a strategy before the people of Barbados in which you are saying that these resources are needed to be applied to the following projects or reform programmes in the Barbados economy, then I could understand it. Certainly, on the information that has been given to us today, one has to be extremely cautious in accepting the position as set out by the Government.

Therefore, I will wait for the Honourable Member's response to see whether he, as I said, can stumble across reasons that would be adequate to be explained to future generations of Barbadians, why precautions are being taken in a situation where the Government has already indicated that its strategy is working and that the extent of the fall-out is less than we had anticipated. We have already borrowed for the major trade liberalisation that needed to be undertaken. There are no new major fiscal requirements Government has in the short-term. That means that money of this magnitude would have to be borrowed, and why would Government undertake a borrowing spree in which record levels have been borrowed in a very short period of time in the context of the economic history of this country?

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I rise to give support to the Honourable Member for Christ Church East, the Minister of Economic Development, in this matter. It is strange, Mr. Speaker, that the Leader of the Opposition spoke the way he did in this debate. I happened to be a Member of the Other Place in 1991 when this country was faced with similar circumstances. The then Government, of which he was a member, sought to raise a bullet loan from Barclays Societe at an interest rate of 13.36 per cent, I stand corrected on that, a rate that is virtually almost twice the rate that is being proposed under the current loan that is before this Honourable Chamber.

Sir, it is true that on that occasion they had no choice but to raise that loan. It is also true that this Government has so managed its affairs, that it is not a question of compulsion but one of choice, to come before

today to ask for the approval of Parliament in the raising of this loan.

I think, that, perhaps, had the Leader of the Opposition attended the last economic consultation or had been following closely the comments of the Governor of the Central Bank, he would have been clear to the fact that the Central Bank of Barbados is still projecting that there will be a net loss of foreign reserves at the end of this year of \$6 million, but by the end of next year of approximately \$200 million. Therefore, the worse impact is likely not to come in this calendar year but at the end of the next calendar year.

In the context of the world in which we live where the uncertainty is as great as it is, where the economic downturn has been triggered by a general fall-off of the prices of stocks across the American Stock Exchange, by a general fall-off of the performance of the technology companies, then compounded by the events of September 11, there is a clear recognition that the economic circumstances of the majority of the developed world, far less the developing world, are likely to be uncertain in the near future.

In those circumstances, Mr. Speaker, to the extent that we can have access to funds which will be placed in a sterilised account which can act as a buffer so that if the worse case scenario, as predicted by the Governor of the Central Bank, does play out by the end of next year, this Government will not have to go cap in hand in circumstances where we will not have the negotiating power that we have now, and in circumstances where we might be forced to accept the kind of onerous and almost criminal-like condition that was placed upon the Government of which he was a member in 1991.

Sir, I believe that any sensible person who has to make a judgement when to borrow in the event that there may be a lack of funds to be able to tie you over if a worse case scenario is obtained, they would make the judgement that you should borrow when the cost of money is at its cheapest, and with the number of successive interest rate cuts that we have seen in the United States of America since the beginning of this year, there is no doubt that the cost of money is probably at the cheapest that it has ever been.

Also you should seek to borrow when your creditworthiness is deemed to be high. The fact that the Government of Barbados has had a credit rating of A since 1999, one that has been consistently maintained, and it has the same level of credit rating with a country the size of China, that credit rating puts us in a far more advantageous position than seeking to raise funds on the capital market at this stage.

I believe that it is a question of judgement. I would wish to err more on the side of the judgement of the Honourable Minister of Finance, whose judgement it is at a time when we have elbow room to negotiate, that we would wish to prepare for what might be possibly some of the worst circumstances we can face since Independence. Sir, we should also be cognizant that we have absolutely very little control over whether those international shocks happen or not. We do so in circumstances where even though the preliminary situation so far, certainly for the month of October, has not yet met the worse case scenario, there is still a decline.

Sir, in tourism, as we learnt from the Honourable Minister of Tourism, the worse case scenario was projected for us to see a 33 per cent decline in tourism arrivals and revenue as a result. We have learnt that the October figures suggest a 16 per cent decline, half of what we projected as a worse case scenario.

4.40 p.m.

It is a decline, nonetheless, Mr. Speaker. It is one that we do not know, in spite of the best efforts that we have put on the marketplace, can be made worse by further circumstances beyond our control, as we saw by the crash of the American Airlines flight last Monday morning in the Dominican Republic.

Sir, we do not have to be doing anything to trigger what is a bad situation to an absolutely catastrophic one. The point is that, as a country, we should never find ourselves with our backs so to the wall that we have as little option as the 1991 Government of the DLP had. Had they managed the economy better, we would never have been in a situation where on the verge of signing with the international financial institutions, the IMF in particular, and having to give commitment to cut persons' salaries, that we had so little option that we were down to less than two weeks' import cover in respect of our foreign reserves, and also having to access loans at onerous interest rates, onerous even by that day's standards far less by today's.

Therefore, Mr. Speaker, I believe that in this matter I would prefer to go with the judgement call of the Honourable Minister of Finance, the Member for St. Peter, than to err with the Honourable Minister for St. John, whose association with a Government proved that we had waited until the last minute when all the chips were down, when there were no options to rescue us, when at that time we then had to accept conditions that made us borrow at twice the rate of the day, which saw them cutting people's salaries by eight per cent and involved sending home people in the public service to the tune of 4 000.

I do believe, Sir, that there may well be circumstances where the worse case scenario may not be met, but I do

believe that will not necessarily mean that we will see levels of growth. Sir, to the extent that we can sterilize the funds and in the events the worse case scenario not being met to apply those funds for developmental purposes for the building of capacity in this country, we would not be putting any misplaced debts on any future generation. I do believe that if, for example, we do not see the level of losses in our foreign reserves at the end of 2002 that the Central Bank has projected, there will then be opportunities for us to discuss how best those funds can be applied in the building capacity in this country.

There is one point which the Leader of the Opposition made that I agreed with and that is, very often, in times of crises or perceived crises, people are prepared to make more fundamental changes to their attitudes, systems and beliefs, than they are prepared to do in times of prosperity. In those circumstances, I believe that Government must be assiduous in its efforts to ensure that we execute the medium to long-term reforms as part and parcel of our response to emergency measures, rather than just looking at putting things in place for the short-term fall out.

There are serious problems in the different aspects of our productive sector: manufacturing, agriculture and tourism, all which relate to the structure, the competitiveness, as well as to the attitudes of those running the sector. It does not mean that they are not performing reasonably well, but it means that we can perform better if we deal with some of the systemic problems that some of those sectors have. In those circumstances, Sir, I urge all of us to work assiduously in ensuring that remains part of our focus in the establishment of our framework for meeting the crisis that is at hand.

I also believe, Sir, that we are fortunate enough that we can have that option, because this Government has not gone on some wild borrowing spree, and that when we can reach a point today where our debt-service ratio is virtually half of what it was a decade before that, in order to give us the flexibility of being able to make a decision to borrow so that we may prepare ourselves for the worse case scenario.

Sir, I do not want to detain the House any longer on this matter, but I can only end by saying that if I have a choice of being told that a hurricane is 300 miles off Barbados, of taking adequate precaution, battering down the house, getting foodstuff in the event it comes, I would prefer to do that than to find myself homeless in circumstances where, at some point, my life was threatened by the raging winds and water that came with the hurricane.

I believe, judging from the behaviour of Barbadians over the last few years, and having done so each time when called upon to adequately prepare for the threat of a hurricane, that that is the natural temperament of Barbadians

and one with which I would wish to continue to associate. Mr. Speaker, it is better to be safe than sorry. If the worse case scenario does not come about – and we all hope that it does not – then we, as responsible citizens of this country, will take decisions how best those funds can be used to build the productive capacity of Barbados, recognizing that that task is still at hand in a way that when the debt comes to be repaid by those who will be repaying it in 20 years' time – and there are those of us who are young enough to contemplate being here at that time – we will be able to justify why we borrowed it, the purpose for borrowing it and how we may subsequently have used it if that worse case scenario does not come about.

Sir, I want to support the Resolution very strongly. I want to applaud the efforts of those in the Ministry of Economic Development, the Ministry of Finance and the Central Bank for negotiating what can only be described as excellent terms. Sir, we have a myopic view sometimes. We are in circumstances where there are emerging economies in this world who want to go to the capital market and borrow, but who cannot borrow one cent. The Government of Barbados, in as short a period as we have done, have put together an opportunity for a loan of US \$150 million at 7.35 per cent and in circumstances where we are saying to the country we are borrowing it, we do not need it, but we are being cautious because we do not want Barbadians to be subjected to the worse case scenario.

Do you know what, Sir? The way in which the Government in 1991 felt it possible to let go jobs, this Government does not believe it can do so. Therefore, in circumstances where we have to protect as our number one imperative job security in Barbados, jobs more than anything else have a consequence on the rest of the economy, on the confidence in terms of investor spending, in terms of people's sense of well-being, in terms of the safety net, all of those things. Therefore, jobs more than any other factor have the capacity to undermine how the economy performs and how people respond to the performance of the economy in terms of their confidence.

Sir, as a Government, we have determined that our number one priority in this matter is the preservation of jobs. The package which has been designed has been done so with that in mind while, at the same time, it seeks to enhance the competitiveness of the particular sectors and enterprises within the sectors such that they do not feel constrained and have to engage in massive layoffs in both the private and productive sectors.

I, therefore, want to offer my support and congratulate all persons involved and to say we hope that the worse case scenario does not become a reality, but we are cognizant of

the forecast. We are cognizant of the uncertainty of the times within which we live and the impact of events that we have no control over on the performance of this economy and the well-being of our citizens. In those circumstances, we are simply ensuring that the duty which we took pledging to ensure that at all times we are protecting the welfare and well-being of our citizens, we remain faithful to that duty the best way we know how to, in very difficult circumstances. I thank you, Mr. Speaker.

4.50 p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, I rise to speak on this loan and I want to say from the outset that we have heard a lot of talk about the 1990-1991 situation. We have also heard that the loan was a bullet loan and it was one of the most expensive loans but it is my duty today to prove that is not true, for the simple reason, Sir, as I have said in this House on many occasions, that you cannot only judge a loan based on the interest rate.

The truth is that even though that loan was negotiated at an interest rate of 13.35 per cent, the principal received on the loan was not constant. If anyone doubts what I am saying, I want to say that these statistics were prepared by me and if one looks at the Economic and Financial Statistics from the Central Bank in the October edition, one would recognise that that loan was a sterling loan and that it was borrowed in 1990.

Also, Sir, if one only looks at the slide of the pound (£) at that time, one would recognise that even though we received \$120 million in principal, if we were to repay that loan today, we would only have to repay \$86 539 800 which would be a slide of more than \$33 million. We would have made a foreign exchange gain of \$33 million. The truth is, this loan is borrowed on the American market and seeing that our country is tied to the American market, Sir, it means that you will not get a slide up or you would not get a slide down and that the interest rate, even though it is \$7.375, remains constant and that the debt service ratio, as per interest, remains constant.

Sir, let us take the 1990 situation, because you have what is called a floating principal and the principal has worked in our favour. It has come down. In truth and in fact, as it stands today, we are only paying 72 per cent of the original interest rate that we would have had to pay if the loan had remained constant.

In other words, Sir, if the loan was paid at the same foreign exchange rate at which we received it in 1990, we would have paid 100 per cent, but because of the slide today, Sir, we are only paying 72 per cent. This is significant because people have to understand that when you are borrowing a loan that has a floating currency, it can either work out of your favour or work in your favour.

Fortunately for us, Sir, we borrowed that loan when the pound was at its highest and people must understand that, and that is why I was constantly stating in this House that when a loan is floating, it cannot only be judged based on the interest rate, but must be judged based on the currency that it is borrowed in and the rate of that particular conversion. As I said before, Sir, we were fortunate, but let me give the House some other statistics.

Sir, both of them are bullet loans. This loan will have a total cost to Barbados of BDS \$742 500 000 that is principal plus interest. The interest alone of this loan is \$442 500 000 and if anyone doubts me, I can give you the calculation. All you have to do is to convert it, which is BDS \$300 000 000, multiply it by 7.375 which gives you an annual interest rate of \$22 125 000 per year, multiplied by 20 which gives you a total of \$442 500 000. Therefore, the total cost of this loan when we come to repay it, we would have forked out \$742 500 000, and I am also saying that there is another factor.

Sir, the truth is that when one looks at the foreign reserves of this country, no one can question whether or not they are high. May I inform the Government that the foreign reserves of the country as it stands today, are very good. The question is that we have a very high liquidity problem in the country and this is where I would have expected the officials within the Ministry of Finance to do an opportunity cost of this particular loan.

Firstly, we have a market that can satisfy a loan like this and what it means is that, instead of having to pay out \$442 500 000 this amount of money could have remained in the country.

Secondly, it also means that the only way we can get foreign exchange is either by borrowing or increasing our capacity to earn.

We now have to look for US \$221 250 000 in foreign exchange and the only way we can get foreign exchange is either by borrowing or increasing our capacity to earn. It means that we do not only have to pay the loan but we also have to look for the money to pay the interest, which means that every year, Sir, we have to look for US\$22 125 000 in foreign exchange to pay out of the country.

Do you understand what I am saying? This is not Barbadian dollars. This is foreign exchange which means that the demand to earn foreign exchange is now greater by US \$22 125 000. I have no reason for, nor am I in anyway trying to stop the Government from doing their business if they feel this is what they need to do to carry on their

business, but before this loan is approved, I feel that I have an obligation to show the cost of this particular loan.

Sir, what we are seeing is that we are taking \$442 500 000 of our money to give another country to prop up their economy at a time when we are high in liquidity. It also means, Sir, that if we are not generating foreign exchange and our productive sectors are not good, we have to cut back somewhere. This is a very serious point and I am calling on the officials in the Ministry of Finance to do an opportunity cost on this particular loan before it is signed, sealed and delivered, so that we can have a better understanding of what we are putting ourselves into.

Sir, I can understand why in 1990, the Government had to borrow the loan. It is well said by the Barbados Labour Party here at pages 62 and 63 that there was a foreign exchange problem in the country, but now we do not have a foreign exchange problem. I can understand the point made by the Honourable Member for St. Michael North East and the truth is, Sir, that the Honourable Member should have introduced this Resolution, because it is clear to me that the Honourable Member understood the contents of this Resolution better than the presenter. The Honourable Member gave more meat to this Resolution than the presenter, but one would understand that the presenter is now new in the particular Ministry and with time he might do better.

Sir, one also has to recognise that when you take the principal amount and divide it by the total repayment package, it gives you 40.4, but if you were to do the same thing to the 1990-1991 loan, you will only get 23 per cent as a ratio.

Sir, all of this talk about how high cost that loan was, in truth and in fact, this loan will have to be the highest cost. Sir, one has to understand what is going on and one also has to understand the amount of money we are speaking about which is \$442 000 000 in interest, which is also the economy of many small Caribbean states. This is a lot of money we are speaking about at a time when our banking system has a lot of money.
5.00 p.m.

I would also like to know what export entity this money is going to be invested in. This is a very serious point, because if they are going to be borrowing money of this magnitude – I do not see the Honourable Member for Christ Church East taking notes and he should be at this point in time – and they are going to have to pay out this type of money, all those who work within the finance ministry, will have to tell the Parliament of Barbados how they are going to provide the sinking fund for this loan, Sir. There must be a sinking fund as asked for by this Resolution and

the Minister must now tell Parliament what productive product and services they would be producing to provide this additional foreign exchange to service this particular loan. This is all in the interest of this Parliament of Barbados.

I am saying that if down the road you can see trouble, I can support you on this because I agree with you that it might be good to do the buffering now, but I am saying based on the facts in front of us and what we were told in this Parliament today by the Honourable Member for St. Michael South about how well tourism and the economy are doing that it cannot justify this big loan.

I would also request, and it is not too late for it, that we do our balancing act because what we may need to do is to reduce the size of the foreign loan and balance it with some of the money we have within the banking system in Barbados so that we can keep some of the money in Barbados to help protect and create jobs. It does not mean, because you want to be export oriented, that you necessarily have to get all the money from outside because there might be some products and projects we might be able to deal with internally by using internal financing.

I hope, as I said, that they will look at the concept of opportunity cost because this is too great a cost to be allowed to run like this. I am a bit surprised that the banking system in Barbados has not recognised that a loan at 7.375 per cent could be pretty attractive considering right now that they are only paying 3 per cent, so they should be in on this and begging the Government to come and borrow some of the money from them without having to go to the external market. I am saying that our bankers need to look at something like this and see how they could come on board and help finance this particular loan because, as I said, the amount of interest we have to pay on this particular loan is too high.

I hope the Honourable Member for Christ Church East understands the point I made previously to him because loans cannot be seen only by the interest rate, but have to be seen through the eye of the floating rate because that rate is important too. I believe that if he sits next door to the Honourable Member for St. Philip South he might be able to educate him on what I speak of, and maybe I might be able to encourage the Honourable Member to get up and speak on this particular point because I fail to believe that the Honourable Member for St. Philip South does not understand what I speak of because then he would have failed me in his training. I hope, Sir, that before the evening is out we will be able to entice the Honourable Member to speak in this particular debate on things relating to interest rates as they relate to conversion rates. That

Barbados currency as against the pound, the US dollar and even the yen.

Sir, we have some need to look at this same Economic and Financial Statistics Report of the Central Bank of Barbados because this is a very good guide from which to monitor currencies. I have said already that in Barbados we cannot continue to hold our foreign reserves in one currency, and we have to start playing with the foreign reserves market and the currencies market, and that if the yen is growing we need to hold our foreign reserves in the Yen and know when to sell them. If the pound is also growing, we need to do that because we have a safeguard where the US dollar is constant but because the dollar is constant it does not necessarily mean that we have to continue holding it intact. We have to play the market. We also have to appreciate that there is a risk in playing the market. We also have to appreciate that if we are holding our foreign reserves in the right currency that our reserves can increase at such a rate that it can be frightening.

I hope that those who have ears to hear would have heard what I had to say and that the call I made about the opportunity cost of this particular loan on the external market as it relates to the local market that it is done and we would see how many jobs could be created, how many people can be kept in jobs and how the cost of doing business in Barbados can be reduced as opposed to if we continue to do the borrowing outside. All of those things must come into play and I hope that we will get some success in this one. I am saying that to borrow \$300 million and have to pay it back with interest of \$442 500 000 is a lot of money.

Asides.

Mr. D. St. E. KELLMAN: No, I know how to work this. What I am saying is that we are paying back 1.475 times the amount of money we have borrowed in interest. In other words, the interest payment will be greater than the principal.

Asides.

Mr. D. St. E. KELLMAN: If you want me to make the calculator a document of the House, Sir, I do not mind making it a document of the House, but this calculator has worked well in this Parliament and it has educated many Honourable Members, especially my comrade from St. James North, a good Coleridge and Parry boy.

I hope that the Honourable Member who has introduced this would understand that this loan is a very serious loan and it can have very serious repercussions on Barbados. Because of the magnitude of this loan, we have to be very careful that we have the right mix, for if ever there was a time where we need to have the right mix, it is now. We have to, because you cannot be paying interest

outside of Barbados when you could be paying it inside. It is okay when you do not have the money inside your economy but when you have the money inside your economy and then you go and pay the money outside, that is a very serious thing and I hope that you would do the necessary thing to get them to change their minds.

I thank you, Sir.

Hon. A. P. WOOD: Mr. Speaker, I rise to make a short intervention here in this debate. First of all, let me say that I want to support the Resolution but let me begin by focussing on the contributions made by the Honourable Members on the Other Side. It seems to me that this is an occasion once again when the two Honourable Members would not have spoken or discussed the Resolution before they came to this debate.
5.10 p.m.

Just a couple of moments ago the Honourable Member for St. John sought to give the impression that we should not be borrowing at this point in time. He asked the question why is it that we need to borrow at this point in time while the Honourable Member for St. Lucy seems to be giving the impression that, unlike the Honourable Member for St. John, we should be borrowing at this time but the direction in which we are focussing might not be the correct one.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. I waited carefully until the Honourable Member got to the end of his sentence, but he must not distort the record. We are dealing with a foreign loan. At no point did I deal with domestic borrowing. Therefore, there could be no difference of opinion between me and the Honourable Member for St. Lucy. The Honourable Member for St. Lucy introduced the element of domestic borrowing. I dealt exclusively with the question of foreign borrowing. I am not addressing the question of domestic borrowing at this stage, but if I have to, I will agree with the position that was taken by the Honourable Member for St. Lucy. It is a very simple matter. If you set the terms of the debate then you cannot twist it. We are dealing with foreign borrowing. At least, that is what I was dealing with.

Mr. SPEAKER: Point of elucidation taken.

Hon. A. P. WOOD: Mr. Speaker, the point bothered the Honourable Member for St. John and the Honourable Member for St. Lucy to agree to something. At least my intervention has been rewarded with something tangible from those on the Opposition benches.

A couple of weeks ago, in this Honourable Chamber, the Honourable Member for Christ Church East was very

exhaustive in his treatment of the Economic Emergency Programme. We said back then that there were a number of different scenarios and other Honourable Members on this Side who would have spoken in that debate said that it was advisable at the time for us to adopt a very cautious approach.

Mr. Speaker, a number of measures were proposed, including this one which the Resolution speaks to today. We were also very careful to point out back then, as is still the case now, notwithstanding the fact that the events which would have transpired since the Honourable Member for Christ Church East introduced the Economic Emergency Programme might not have been as bad as we anticipated, that is, going to the worse case scenario over a short period, but the fact remains and this point has to be made over and over again, that the crisis is still emerging.

It is not altogether conducive for the Honourable Members on the Other Side to seek to give the impression that Barbados, like other small developing countries in this region or any economy anywhere in the globe, is out of the woods. That is not the case and we remain firm in our judgment on these matters which are very serious matters, and the Honourable Member for St. Lucy is correct that this is a serious loan, but all loans are serious and we have to make the determination on this one because at this juncture this Barbados economy is at a serious point. We need to plan our business in such a way that we do not have or take too much of a narrow or short planning regime.

If we look at what the Central Bank has predicted beyond the current financial year and one works backwards, Mr. Speaker, you would see the importance of our being cautious at this point in time.

When we were students at the University, those of us who would have done Economics, and I do not know if you did it, Sir, there was a very interesting topic in monetary economics and the Right Honourable Member for St. Peter would know a lot about this. It was called a "demand for money" and it was a function of a number of variants. Money is borrowed for transaction purposes, for precautionary purposes and speculative purposes. That is a fact.

We are saying here that with our knowledge of the demand for money and with the position of the Barbados economy at this point in time within a global economic environment that it is characterised by uncertainty. I am not talking about uncertainty which can be erased within the next couple of months but I am talking about uncertainty that could remain with us well into the future. We have to understand that the events of September 11 did signal the downturn in the global economy that would have started earlier than September. What happened in September would

amplify the problems in the domestic, regional banking and the international performance.

All we are saying is that by holding firm to our decision which we took a couple weeks ago, we need to recognise that it is important for us to plan properly in order to bring us out of this present situation. Notwithstanding what the eventual outcome is, there are certain things we have to do. If the eventual outcome is one that coincides with the worse case scenario, we would have exercised the correct option now.

When the Barbados economy is strong, when financial institutions are climbing up on each other's back to lend to the Barbados economy, we borrow when we can get favourable terms and conditions to these loans.

Mr. Speaker, if in the fulness of time the position of the international economy and the regional economy is such that the worse case scenario is not played out, because we would have made this judgment call and because of the skilfulness of persons on this Side, we would seek to put this money to the best possible use.

It is quite untrue for the Honourable Member for St. John to seek to give the impression that we, making this decision, are imposing some sort of burden on future generations. To make a statement like that signals that there is something wrong with the thinking of the Honourable Member for St. John because that could only be an eventuality if certain conditions are met. The Honourable Member for St. Lucy knows just what we are talking about. It is such a simple thing to comprehend. We are talking about a loan which has a 20-year repayment.
5.20 p.m.

Sir, the Government's back is not against the wall. The Government recognises that we will have to provide the way for ourselves and we do not want to be doing it after the fact when we have to accept funds on onerous and burdensome terms.

Sir, we have a 20-year period in which to make sensible decisions on how best to use these funds and if the worse case scenario plays out, we will have to use the funds at a more rapid rate and if the worse case scenario does not play out, it gives us a little more breathing space for us to plan over the long-term in order to get the productive sectors functioning so that we can generate substantial foreign exchange to make the repayments.

Mr. Speaker, I want to reiterate my position like other Honourable Members on this Side that I support the loan. I admit that it is a serious loan and the funds are

being accessed at a serious time but we have an emergency economic programme in place. We know that it is vital to borrow to build capacity and get the productive sectors re-engineered and we will be seeking to do that, not in a one-off way but in a consistent way. Mr. Speaker, it is vitally important when we come out of this emerging crisis to show that the economy is stable, that we have been able to change the attitude of all Barbadians and to show that the productive sector especially is operating on all cylinders.

Mr. Speaker, I give this Resolution my fullest support.

Hon. R. R. FARLEY: Mr. Speaker, I rise to bring this debate to a close. I note that there continues to be deep division in the Opposition's camp on all matters. The Honourable Member for St. John does not believe we should be borrowing this loan and the Honourable Member for St. Lucy believes that we should, but we should undertake it in a currency other than U.S. dollars, and that we should exploit the other foreign exchange markets. Sir, these are the matters of division in the Opposition's camp.

Sir, I must say that when the Honourable Member for St. Lucy latches on to a new concept, he uses it even under abuse. Sir, this is about the twentieth time for the day that we have heard mentioned what to the Honourable Member for St. Lucy is a new concept but what to the rest of us is not a new concept...

Mr. D. St. E. KELLMAN: Mr. Speaker, the Honourable Member is misleading the House by giving the impression that I believe this a new concept. This is not a new concept but it is important that we look closely at what we do now.

Mr. SPEAKER: No point of order because that is not what the Honourable Member was saying at all. Honourable Member please continue.

Hon. R. R. FARLEY: Mr. Speaker, I thank you for giving me the opportunity to continue. Sir, the Honourable Member for St. Lucy continues to amaze me with his

statistical analysis which we need not get into at this time because the Honourable Member for St. Philip South has already dealt adequately with the matter.

Sir, we are satisfied that our judgement in this matter is sound. We are satisfied with the purposes for which it will be applied and the longevity of the repayment period is focussed on the fact that we will manage our debt repayment over the years. I indicated to this Honourable Chamber by way of my introduction that the timing of the repayment for the existing debt allows us to very comfortably meet and service our debt well into the future.

Sir, we believe for all the reasons already advanced in this debate that this is the most prudent course of action to take. I need not do anything else but to thank Honourable Members for their contribution to this debate.

This issue will be marketed in the United States of America during next week and the placement will be made in mid-December, and given the experience of the last issue, we expect this issue to be also over-subscribed as was the last issue.

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

The question was put and resolved in affirmative without division.

ADJOURNMENT

Hon. Miss M. A. MOTTLEY: Mr. Speaker, Sir, I beg to move that this House do now adjourn until Tuesday, November 27, 2001, at 11.00 a.m.

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

The question that the House do now adjourn until Tuesday, November 27, 2001 at 11.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.
5.36 p.m.

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