
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, July 20, 2004

Pursuant to the adjournment, the House of Assembly met at 10.20 a.m. on Tuesday, July 20, 2004.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed. G.C.M., (Speaker)
His Honour J. M. EDGHILL, J.P. (Deputy Speaker)
Mr. D. J. H. THOMPSON, LL.B. (Hons.)
Mr. L. R. Tull, Q.C., M.A. (Oxon.)
Hon. R. C. EASTMOND, B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C., J.P. (Minister of Labour and Social Security)
Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Public Works and Transport)
Mr. R. D. MARSHALL (Chairman of Committees)
Hon. H. F. LASHLEY (Minister of Social Transformation)
Mr. R. St. C. TOPPIN, LL.B. (Hons.)
Mr. D. St. E. KELLMAN
Hon. Miss H. E. THOMPSON, LL.B. (Minister of Housing, Lands and the Environment)
Hon. Miss M. A. MOTTLEY, Q.C., LL.B. (Deputy Prime Minister) (Attorney General and Minister of Home Affairs) (Leader of the House)
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)
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 Energy and Public Utilities)
Hon. R. R. FARLEY, B.Sc., J.P. (Minister of Education, Youth Affairs and Sports)

Hon. Miss C. Y. FORDE, L.C.P., J.P. (Minister of State, Ministry of Education, Youth Affairs and Sports)
Hon. J. X. WALCOTT, M.B., B.S. FRCS (Edin.), J.P. (Minister of Health)
Mr. R. D. JONES, B.A. (Hons.) M.A (Ed.) J.P.
Dr. D. C. ESTWICK, B.Sc., M.B., B.S.
Mr. C. A. MASCOLL, B.Sc. (Econ.) (Hons.), M.A. (Public Finance) (Leader of the Opposition)
Hon. D. D. MARSHALL, LL.B. (Hons.), L.E.C. (Minister of Industry and International Business)
Mr. M. A. LASHLEY, LL.B. (Hons.)
Hon. K. D. SYMMONDS, B.A., LL.B. (Minister of State, Ministry of Foreign Affairs and Foreign Trade)
Dr. W. F. DUGUID, B.D.S. (Comm.), F.D.S., FDRCS, J.P.
Mr. R. L. SEALY, B.Sc., M.B.A.

Prayers were taken by Reverend Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, July 13, 2004.

Hon. R. C. EASTMOND: I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, July 6, 2004, which Minutes have been circulated, be taken as read.

Hon. R. R. FARLEY: I beg to second that, Sir.

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

PAPERS

Hon. R. C. EASTMOND: Mr. Speaker, on behalf of the Honourable Member for St. Michael North East, Attorney-General and Leader of the House, I am commanded to lay the following:

Annual Report and Financial Statements of the Rural Development Commission for the year ended March 31, 2001.

SUSPENSION OF STANDING ORDERS

Hon. R. C. EASTMOND: Mr. Speaker, I beg to move the suspension of Standing Orders, Nos. 6, 16, 18, 20, 42(5), 43 and 44 for the balance of today's Sitting.

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

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the Order of the day.

ORDER NO. 2 – NATIONAL INSURANCE AND
SOCIAL SECURITY (AMENDMENT)
BILL, 2004

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

Hon. R. C. EASTMOND: Mr. Speaker, in moving the amendment to the National Insurance and Social Security Act, Chapter 47 and asking that this Bill be read a second time, I begin with the observation that in a mixed economy such as ours, there are times when certain businesses and professionals undergo and experience financial fluctuations. The man in the street, at the micro-stage, as an employee or professional, will some time find that his finances are not as healthy or rich as he would want.

He may, indeed, from time to time find himself burdened by debt and might crave relief. The business, the commercial entity in the economy might find that from time to time, especially in times of economic recession or depression that cashflow problems occur, problems which they would not normally want to experience but problems which occur nonetheless.

Sir, it is in this context that I am asking that the National Insurance and Social Security Act, Chapter 47 be amended. The purpose of this amendment is to make provision for the repayment under certain conditions of arrears of contribution by an employer or a self-employed person, to give them time over a period of 36 months and for

matters relating thereto. Mr. Speaker, because the Bill is not a long one, at some time during my presentation I will go through the amendment clause by clause for the benefit of Members of this Honourable House.

Sir, I now proceed to make the comment that it was a wise thing for the Government of the day to set up the National Insurance system in the year 1967. Sir, for 10 or 15 years before that date, there had been consideration of public debate on the whole question of social security for the country Barbados which was about to embark on political Independence. Mr. Speaker, before a new government came to power in Barbados in 1961, its predecessor in office had directed its mind to the whole question of a social security safety net for all persons in Barbados, especially the working-class.

Mr. Speaker, in 1967, to its credit, the Government of the day took the bold move to introduce the Barbados National Insurance and Social Security system. The parent Act by which our system has been established is Chapter 47 of the Laws of Barbados, which, though a short Act, it is an Act that I commend to all Honourable Members of this Honourable House because it sets out very clearly how the layman, employee and Member of Parliament can go about finding forms of representation in circumstances where the small man suffers hardship at the hand of a delinquent employer.

Sir, nonetheless, despite the laudable objects that informed the establishment of our system, we have seen and experienced in Barbados where some people who should know better are rather ambivalent, to put it mildly, about the whole concept of National Insurance. There can be no doubt that there are persons who are employers who have never troubled themselves to fully study their statutory duties under the National Insurance system.

There are some with reluctance, and only when pressed, decide to comply. There are some who are entirely complacent and who sit back and wait on the National Insurance Scheme inspectors to come to them and be able to communicate with the aim of having them comply. Mr. Speaker, there are some downright dishonest people, not just commercial businessmen and entities but some professionals, who are lax about their statutory obligations under Chapter 47.

Sir, a range of regulations and subsidiary legislation has evolved under Chapter 47 to give effect to the more technical and detailed systems that had to be put in place to get our National Insurance system going well.

Sir, as indicated, the purpose of this legislation is to give some comfort and a measure of relief to people who are financially obligated to the National Insurance Scheme who

may genuinely find themselves hard-pressed to pay and to also give those professions who have been lax, neglectful or negligent an opportunity to pay, and, indeed, to sensitise Barbadians to the fact that in the context of the operation of our National Insurance system, Government is determined to ensure that all those who owe duties must abide by their statutory obligations.

Mr. Speaker, the question may arise, is this amendment really necessary? The truth is, the amendment is necessary because Chapter 47 had never originally or even when amended over time provided any legislative or legal power to the National Insurance Scheme to grant time to pay.

Sir, the original Chapter 47 never enacted expressly or impliedly that the Board that runs the National Insurance system or the Director could have legal power to grant extensions of time to people to allow them to pay their debt.

Mr. Speaker, some social engineer might wonder why was this never so. The answer is simple. If you have a quasi-governmental institution and seek to create a specialised form of delimitation act on it, then you go against the time-honoured convention that time does not run against the Crown and, at the same time, you invite those who are smart people in the community not to pay, and to wait until the limitation period asserted itself and then depend on it in the form of a legal technicality.

Sir, for example, supposed Chapter 47 had erred and said that all those who owe the National Insurance must repay the money owed within three or six years and that thereafter the National Insurance Board and its Director would not have power to reclaim the debt, then the truly dishonest elements in the community will allow the three or six years to pass and then rely on the legal technicality of the delimitation periods and the Statute of Limitations.

Mr. Speaker, even though I am today moving an amendment to give comfort and some financial ease, this amendment does not contemplate the creation of any general limitation where after three or four years, a person in debt would be forgiven.

10.30 a.m.

I repeat that, Mr. Speaker. I often hear Honourable Members say that this Parliament is the highest court of the land, but in practice, there are judicial centres, law courts which interpret the Law, even though we pass the Law here. Sir, and so as to signal to the Judiciary how they should interpret this particular legislation, this legislation is not designed to provide a general provision that when you are in debt to NIS, you only have three years in which to pay and after that, you are forgiven.

The purpose of this legislation is specifically to address the question of those who are in debt to the NIS and to give them a chance to pay back within three years, but at the same time, there is no general power being invited of this Parliament to give the NIS any legal latitude to be able to restrict and limit the time up to which a debt is due. Therefore, for the avoidance of doubt, when it comes to the interpretation of this particular piece of legislation, it only serves the purpose to give debtors more time. In other words, rather than proceed legally in the law courts against a core or body of debtors right now, we are giving these people 36 months to make an arrangement.

Mr. Speaker, in the real world what happens is that even though there is always legal power enabling the NIS to pursue those who owe it, in real terms when a Barbadian, whether a businessman, a professional or employee is so hard-pressed that he cannot pay his National Insurance contributions, he or she can go to the National Insurance System (NIS) and make an arrangement to pay.

The arrangement would then be like a form of a quasi-contract between the NIS and himself. In fact, so long as he shows an interest in paying, nobody is going to pursue him in any oppressive or pedantic way, trying to use the Law against such a person.

Honourable Members may wonder what is the level of debt due to the NIS up to now. Mr. Speaker, permit me to mention the total debt owed to the NIS, since the year 1967. At last count, Mr. Speaker, the total debt owed to NIS is \$159 million, due since 1967. If we had taken in all that debt over time, then we could sit and consider what the general health of the scheme is, evaluate our financial systems to see how we can plan our finances for the future, and even possibly contemplate tinkering with specific benefits for the benefit of Barbadians.

Honourable Members would recall that in the last five years, this Parliament actually increased the death benefit, because the NIS had signalled that we did, in fact, have enough elbow room to accommodate such an increase. I say, Mr. Speaker, that \$159 million is due to our NIS. Realistically, we must ask, if there have been companies, professionals and persons, some of whom are now deceased or expired, if since 1967 that amount of money has been owed and if between 1967 and 1977 a lot of it was not paid, if between 1977 and 1987 a lot was not paid, how realistic can it be to expect that all of that would be paid?

In my estimation, Mr. Speaker, I do not think that we can recover \$92 million of that money. I do not think, based on every piece of information available to me, that we can recover \$92 million. The reason why we cannot recover that \$92 million is that some of the debtors as companies have

been dissolved and liquidated. Some of the debtors died bankrupt, so it was no point pursuing their estates. A lot of debtors cannot be found anywhere in the civilised world, and when we look at it, realistically, we cannot recover \$92 million.

The question arises if you are going to write off close to \$100 million, what point is there in leaving it on the Statute Book that there is unlimited time for the NIS to collect its money? Up until now, Mr. Speaker, quite frankly and for the future, the NIS really has unlimited time within which to collect monies due to it. You have to leave that law untouched because, as I said earlier, if you create any limitation periods, people would unconscionably exploit such limitation periods.

Therefore, we have in law no power to write off that \$92 million, but we shall endeavour, with the best efforts on our part to try to recover that amount. Mr. Speaker, between the year 1999 and 2002, intensified efforts were made by the NIS to collect debt. In fact, before today, there had been a period during which relief, as contemplated by the current measure, had been offered to persons before.

I can report to this Honourable House that up until 31st March 2002, based on efforts to recover monies in the months preceding the 31st March 2002, fifty-two employers in Barbados were able to come forward and pay \$1 million arrears in contributions. I want to thank them and commend them for efforts in putting wrong things right. I repeat, 52 employers who were in arrears and who had been defaulters were able, Mr. Speaker, to pay \$1 million in contributions and \$60 000 in interest. We feel good that some of our people are honest and in their honesty determined enough to meet their statutory obligations.

Mr. Speaker, a NIS must be more prudent and more astute than even a privately run insurance scheme. One of the principal reasons that a national insurance scheme should be more prudently run than the typical commercial insurance company, is that the risks in National Insurance are greater than anywhere else.

Mr. Speaker, if a fellow is HIV positive today, and commences his career as an employee, the National Insurance cannot refuse to insure him, if he reports that he is HIV positive. If he reports that to a private insurer, they are not going to insure him. At the same time, there are particular benefits which are tied to relatively modest contributions. Some day in the near future, I am going to go into the regulations and advise how sickness and maternity work, even at the finest, most minute and technical levels. I am going to do that, Mr. Speaker, once an opportunity presents itself.

Take, for example, a situation where Martha works for one year only and pays \$15 a month, and Martha's spouse, Martin dies at the end of that one year in which she worked. Do you know, Mr. Speaker, that Martha can claim a death benefit which is going to be more money than she actually contributed? The Death Benefit due to her on the expiry of her husband will be substantially more than she actually paid. This is highlighting one aspect of National Insurance where the whole thing seems benign.

The Honourable Member is saying *sotto voce* that there is a measure of balance, but to truly create the balance, Mr. Speaker, it means that a core of us must be clearly subsidising the more unfortunate, but that is the principle of insurance.

In the principle of ordinary insurance in the commercial world, you talk about the concept of statistical probability and pooling of risks. In national insurance systems you do not use that terminology. You use the concept of social solidarity.

10.40 a.m.

Mr. Speaker, the Honourable Member for Christ Church East Central, an ordinary and decent man, would tell you that he has been paying National Insurance contributions for three times his minimum statutory duty. He is not duty-bound to pay more than 500 contributions for his whole life, but under the Law, once he is employed he pays additionally until he retires. That surplus payment of his goes towards subsidising that girl from Nelson Street claiming a maternity grant or that fellow from Passage Road claiming sickness benefit. That is how the system works. The principle upon which that is based is the concept of social solidarity.

Mr. Speaker, as he makes a *sotto voce* comment, I gather that he is invoking the evolution of a triumvirate of preceptors, he himself a preceptor, you a most worthy preceptor and I a humble one. Sir, there are others on This Side who would tell you that they themselves were also preceptors, some of whom have evolved into educationalists while others occupy even more noble and rewarding professions.

Mr. Speaker, Honourable Members will feel most disappointed if during the course of this debate I do not make reference to the most recent occurrence within our National Insurance Scheme. I believe that Honourable Members would feel that I would either be delinquent or that I would be cowardly and avoid confronting the problems which the National Insurance Board had in recent months. Mr. Speaker, I will go through these issues most slowly for the benefit of all Honourable Members.

Mr. Speaker, prior to December 31, 2003 National Insurance databases had revealed a number of anomalies, a number of inaccuracies and a whole host of internal and external problems. Mr. Speaker, I am saying that somewhere between 1967 and December 31, 2003 when the database of the National Insurance Scheme was investigated, it was found that there were serious problems. For example, there could be a man called Malcolm Smith of Glebe Land, St. George, and it could be found that his name is Malcolm Taitt; wrong name. It could also be further found that another person called Malcolm Evelyn could have his address as Zoares, St. John when he really lives in Crab Hill, St. Lucy.

Mr. Speaker, time and time again it was also found that there were persons who were dead and buried but cheques were still written in their favour and lo and behold these cheques were cashed not far from this particular locus. There were institutions out there in Marhill Street, that were well ready, willing and able to cash such cheques. Mr. Speaker, such an abuse is under the closest possible investigation. Mr. Speaker, Honourable Members are not stupid. Honourable Members would be able to calculate to what extent there has to be complicity of a certain sort for that to happen.

Mr. Speaker, the fact of the matter is that at the end of the Year of Our Lord 2003, too many of the things pertinent to our databases were grossly inaccurate; I am stopping short of using the word "fraud".

Mr. Speaker, as we move toward modernising our technology and installing new systems, it would have been a travesty and a veritable heresy to have taken information which is now known to be inaccurate and put it in a new databank on a new computer system with the potential for all sorts of problems to occur.

Mr. Speaker, when any insurance system discovers wastage, negligence and errors, it has to respond. One of the principles of insurance of any kind is the principle in Latin *Uberima Fides* which means utmost good faith. Between insurer and insured there must be a relationship of utmost good faith. This means that the truth, the whole truth and nothing but the truth should pass between insurer and insured. Mr. Speaker, our databases were showing the opposite of truth and remedial action had to be taken.

Mr. Speaker, it was also discovered that names and if not names certainly specific individuals were drawing National Insurance benefits two and three times. Mr. Speaker, let me make it clear at the outset that when you draw any benefits from the National Insurance Scheme you can only draw one. If you calculate that you are entitled to more than one, then the way the system works you would end up drawing one. It is as simple as that. I would not go into all the details now.

Mr. Speaker, there were people in Barbados who were eligible for survivors pension who then became contributory pensioners and they drew both the survivors pension and the contributory pension when the Law is that they should not be drawing the contributory pension.

There was a problem, Mr. Speaker, where a lot of data that would have been pertinent to survivors was grossly erroneous. When many a widow and many a widower approached the National Insurance Department and she or he could verify information they found that what was coming back at them from the officer was totally contrary to what they brought and to what they knew was the truth.

Mr. Speaker, I cannot in good conscience tell you that more than 1 per cent of the 31 000 contributory and non-contributory pensioners had been disadvantaged. However, 1 per cent of 31 000 is sufficiently numerous that if that 1 per cent with the help of 10 friends could complain repeatedly, then the problem would seem greater than what it really is.

Mr. Speaker, I am glad that the Honourable Member for St. Joseph has taken his seat because he is privy to an issue to which I am privy where a poor working-class man from deep within rural Barbados had, to the best of his knowledge, worked for more than 25 years in Barbados, but when we checked the system, it revealed that in terms of his contributions he only worked for seven years. We are now investigating that.

Mr. Speaker, there is always the possibility that one or two of the entities for which he worked is liquidated or has left Barbados. He does not have the 500 contributions, he has 398. He got cut off. He is a pleasant working-class man who is ably represented by a parliamentarian of conscience and good inclination. Mr. Speaker, the problem is that there are instances where people should pay National Insurance on behalf of employees but they do not pay.

Mr. Speaker, I am going to raise a technical legal point in here just now. Mr. Speaker, there are instances where the problem is not payment. In National Insurance systems worldwide there is a statutory requirement that the employer should periodically submit for the consideration of the National Insurance authorities something called an "earning schedule". If an employer called St. Alban's – and I have come across no saints, whether Alban, Baldban or Elman, as employers who are in default – had paid five years contributions and had submitted his earning schedule but somehow later on did not submit the earning schedule, the offence now is one of failing to submit the earning schedule. 10.50 a.m.

Mr. Speaker, if the earning schedule suggests that the employer has financial problems and cannot pay in conformity with the maximum payments he was making,

then as soon as the earning schedules are repeatedly lodged, the employee would never be disadvantaged.

Sir, for example, if a man has been credited with 398 contributions and the earning schedule had been lodged for another 16 or 18 months by the employer, then it would be as though the employer has made the contribution.

Mr. Speaker, there are too many employers in Barbados who are either failing to, refusing to, or neglecting to file their earning schedule on the behalf of an employee. It works so technically that if an employer is hard-pressed and still files that earning schedule, then that employer would be considered to be going somewhere towards meeting his legal obligations.

Mr. Speaker, on the last occasion on which I spoke about National Insurance in this Honourable House, preceded the adventures that Honourable Members in this House had taken part in May 2003. On that occasion, this Honourable House had not risen, nor had certain Honourable Members, and unfortunately some Honourable Members who were Members then, are no longer Honourable Members.

Sir, I have now reported to this Honourable House about a matter that should engage the attention of this Honourable House especially as it is made up of serious persons who have constituents to serve. On the last occasion preceding the election of May 2003 when I reported, I mentioned the idea that we had undertaken pension reform, and that there is an aspect to this which I would like to address.

Mr. Speaker, in the context of any debate on pension reform, we have to look at what actually triggers it. A number of known institutional factors can trigger pension reform such as matters of migration, population growth, population decrease and such like. Sir, in accordance with Chapter 47, there is a provision which says that every three years the National Insurance system must undertake an actuarial review of operations.

Mr. Speaker, the last actuarial review which was made available to us two years ago, indicated that our population had been aging; that generally speaking, people have been living longer and that we had to institute financial systems to preserve the National Insurance Scheme. If, for example, as the population was ageing and more demands were being made of the system, for instance, if we had spent too wantonly, the system could get into trouble.

Mr. Speaker, in addition to anything about an ageing population, it must be urged upon all Honourable Members

of this Honourable House that as a population ages, the actual contributors to the National Insurance Scheme in the country will decline, and as the population is ageing and declining simultaneously, those new contributors coming into the world of work are not sufficient to boost the system.

Mr. Speaker, I know that on current trends, based on all forms of intelligence, that our National Insurance system would peak by 2028 and, thereafter, there are going to be severe challenges to posterity to manage it. Above all, all the cautionary efforts we take now are really designed to take us to 2028. All of the cautionary measures mean bringing in debts, avoiding fraud, claims, and saving money. These are designed to lend integrity to the system to keep it going.

Mr. Speaker, we have the avoided decline of flexibility in the management of National Insurance pension that Chile has undertaken. In Chile, a man can become National Insurance insured and let a private institution run his benefit but when he qualifies for pension, he is going to get the market value of his investment, which might be less than all of his contributions, and less than the net present value of what he had when he first started. Sir, we do not want that here.

However, as I seek to end round one of what would be an interesting debate today, I want to say that in the context of pension reform, that we have decided to introduce a measure of flexibility to the National Insurance. Mr. Speaker, those persons who are optimistic about their life chances and who elect to begin collecting National Insurance at age 67, rather than taking their pension at age 65, we are going to elect them to go to age 67. Sir, optimism is something on which no one in this Honourable House should preach but hope lies eternal in the breast of man.

Mr. Speaker, if a person elects to draw his or her pension at 67, when reaching age 65, he or she must indicate that they would be taking their pension at age 67, instead of 65. When reaching age 67, those persons would get a higher pension. We have not yet come to that stage but have legislated for it. However, we are going to let persons, and we have already started, take National Insurance at an age younger than 65 years. Sir, without mentioning names, you would permit me to talk about how pessimistic some people are when talking about life's chances.

Mr. Speaker, in 2003, a number of persons have elected to take a lower pension at age 64. In the year 2004, one can elect to take pension at 63 years but it is going to be lower. Come year 2005, one can elect to get a lower contributory pension at 62. Come 2006, one can elect to get National Insurance pension at age 61 but as indicated, it would be lower.

Mr. Speaker, to date approximately 220 persons have applied to the National Insurance Department for their pension. Sir, this is a contributory pension which is lower than it would be at age 65 and, therefore, lower at age 67. A former Honourable Member of this Honourable House was the first in line to take that contributory pension, but so realistic was he about life's chances of today's typical politicians, told them boldly that he has been through enough stress in his life and would like to draw his pension at that time.

Asides.

Hon. R. C. EASTMOND: I will conclude this debate by referring to an institution that came into existence in our National Insurance legislation 37 years ago.
11.00 a.m.

However, there is no real comfort or source of pride to Honourable Members on This Side that there were people who suffered grave inconvenience. As indicated, the total number of those people never exceeds 1 per cent of pensioners but some were hard-pressed to complain repeatedly and those who were not hard-pressed recruited others to speak on their behalf on call-in programmes.

Mr. Speaker, whatever the case, this Government takes no pride nor comfort in the fact that a few hundred Barbadians were inconvenienced because tardy payments were made to them and would have passed that on to their Members of Parliament. Mr. Speaker, perhaps the tardiest payment being made now is the unemployment benefit.

Sir, I would never forget a contribution made by the Honourable Member for St. Lucy on the Other Side in a previous Parliament when he expressed views about Unemployment Insurance which subsequently found favour with actuaries. The Honourable Member for St. Lucy said that if you run too liberal an unemployment system it could militate against people playing interest in their work. Sir, that statement, although made in Parliament and not written actuarially, has found favour with those who understand the facts of life relevant to Unemployment Insurance.

Mr. Speaker, Unemployment Insurance is not popular in this world. I cannot call two territories in CARICOM that has Unemployment Insurance but St. Lucia and St. Vincent are now planning and will use the Barbadian experience. The fact of the situation is that if you qualify for Unemployment Insurance benefits, you can get 26 weeks or half of a year in payment. The Honourable Member for St. Lucy said that it cannot be right because some people will be motivated to draw Unemployment Insurance rather than looking for work.

Sir, we have uncovered instances where persons have sought to exploit the system because a lot of Unemployment Insurance is about filling out a standard form and a lot of forms are fraudulently altered to beat the system. Mr. Speaker, to cut a long story short, we have had to undertake individual audits of each unemployment client. We have had to check and verify each unemployment client, hence the reason for the slow delivery because we have to avoid fraud. Sir, what we do in National Insurance today will impact on the year 2028 when some of us in here will be grandparents.

Mr. Speaker, this short Bill will amend Section 18 of the parent Act by including a new Section 18A and has two clauses. The purpose is to empower National Insurance Scheme by Law to extend time to defaulters and debtors without parliamentary or legal desire to stop the National Insurance Scheme from having unlimited power and time within time to make claims on its debtors.

Mr. Speaker, a moment ago I mentioned an institution that was created in 1967. Honourable Members know that in the interest of speed, accessible, low cost and informality, the National Insurance Scheme has established three tribunals to hear cases of persons who are aggrieved.

Sir, the Medical Appeal Tribunal looks after contentious issues where the claimant is saying that he is gravely sick and where there could be evidence that he is not gravely sick. Then there is the Benefits Appeal Tribunal where if a benefit is denied by NIS, you can go to this Tribunal and have a hearing. The Severance Payment Tribunal is so well-known as to warrant no comment or debate. However, where persons are aggrieved on a matter of law that has been determined by each of those Tribunals, those persons can appeal to the National Insurance Commissioner.

We have always ensured that we put people of the highest probity as National Insurance Commissioners and because they stand in a high judicial place, I will not comment much, but where a claimant or applicant is sure that he or she deserves a claim which, in his view, has been wrongly not allowed by a tribunal, then the person can appeal to the National Insurance Commission established by regulations of 1967 whose role is to rule on matters of law.

I am heartened to say that this highly literate culture which men and women designate as Barbados has seen normal, simple people not to go to a lawyer but read the Regulations and take their claims to the Commission. I am truly heartened that many people in Barbados understand how the Commission functions – Sir, when a carpenter says that he does not want a Member of Parliament or any lawyer to defend him but to go to the Commission and apply for justice.

Mr. Speaker, another area which Barbadians understand very well is this. If a fellow called "Stanley" cohabits with a girl called "Sarah" for two years in a union other than marriage but is still spousal and the union becomes productive of an infant, then if Sarah never paid National Insurance but Stanley had faithfully paid, Sarah can draw on Stanley's contribution by way of a maternity grant. Mr. Speaker, Barbadians understand that very well.

Mr. Speaker, I close by saying that some Barbadians do not understand that there is no real National Insurance incentive for reproducing unless you contribute. We had instances of some unfortunate people believing that once you procreated and brought a child into this world that you automatically claimed money even if you did not pay contributions.

Mr. Speaker, we shall do the requisite public education to ensure that such unfortunate incidences do not occur where some people believe that once a baby is born, they can claim money from the National Insurance Scheme. Sir, most times the bearer of the baby is under the age of 16 and if you ask her whether she can claim on the strength of living with the spouse for two years, she cannot give a name for the obvious reason that she is under the age of 16.

Mr. Speaker, it was of some concern to Government when hundreds of Barbadians have repeatedly complained that they were not getting their National Insurance survivors' and contributors' pensions in particular and I want to say that I am very sorry this has happened. I recall one night on the Floor of this Honourable House that the Honourable Member for St. Michael North West said that computer and technical occurrences never constitute political issues.

Asides.

Hon. R. C. EASTMOND: Sir, the Honourable Member for St. Michael North West on the Floor of this House indicated that such issues are never really political.
11.10 a.m.

Mr. Speaker, we are saddened that some poor people were inconvenienced and we shall do our best to ensure that things improve. Currently, persons who have applied between November and January are going to be paid very soon.

Sir, those persons who applied for survivors' and contributory pensions between November and January, the internal auditing process, which is being factored into the new computer system, is being done very carefully and I anticipate that within five or six weeks that those persons who applied during that period November 2003 and February 2004 should be able to access their survivor's and contributory pensions.

Sir, it would be a lie for anyone to suggest that in the context of non-contributory pensions that there was really a problem. There are special technical ways in which the non-contributory pensions are being regulated. The non-contributory pensions are paid by the National Insurance Scheme but is ultimately a charge on the Consolidated Fund. I am going to repeat that. The person who draws the non-contributory old age pension is paid by the National Insurance Scheme but then National Insurance has to charge that money on the Consolidated Fund and there are Honourable Members in here who understand that.

Mr. Speaker, in moving that this amendment be read a second time and that this Bill entitles an Act to amend the National Insurance and Social Security Act, Chapter 47, I want to say that I will entertain any serious criticisms or queries. I pledge that if Honourable Members draw any problems to my attention that within seven days I shall be giving such problems my most urgent attention.

Mr. Speaker, with these few remarks I beg to move that this Bill be read a second time.

Hon. R. R. FARLEY: I beg to second that.

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

Mr. C. A. MASCOLL: Mr. Speaker, I rise to make my contribution to this debate but I would have thought that the Minister responsible would have allayed the fears of the Barbadian public by giving a real explanation why there have been difficulties with respect to payment of unemployment benefits and other pensions, but he skirted and danced around the issue.

Some members of the public, especially on Call-in programmes, have been calling on the Opposition to say something about this.

As mentioned by the Honourable Member for St. James North, several months ago we rose on the adjournment to raise this matter in the Parliament of Barbados.

Suffice to say, the German company that was contracted, Systems Applications Programmes (SAP), apparently subcontracted the work at the National Insurance to Latcapital, the Latin American company, and this company has done a very poor job in putting together the computer systems at the National Insurance. Therefore, I thought that this would have been the ideal occasion for the

Minister to have indicated the full extent of the difficulties being experienced at the National Insurance and, in fact, should have explained, I think, to the Barbadian public since they have been crying out for several months. It is a fact that the Opposition raised the matter but never got the kind of response from the Government on this issue.

Sir, there are some other major concerns before I get deeply into the amendments that were raised by the Minister especially with respect to the unemployment benefit scheme. There was a hint or suggestion by the Minister that there is an increase of dishonesty among workers in Barbados and that this, in fact, has been placing tremendous pressure on the insurance scheme.

Mr. Speaker, let me suggest that this scheme has also contributed significantly to the National Insurance Scheme. In fact, during periods of surplus, the Unemployment Scheme was able to give to the National Insurance Scheme several million dollars over the last few years in Barbados and that is a fact of life. Sir, surpluses from the Unemployment Scheme were transferred to the National Insurance Scheme in Barbados over the last several years.

Sir, let me go further into this because I think that they need to look at the businesses in Barbados who have been practising some policies that can be questioned. We know that we have to work 104 consecutive weeks to qualify for severance. There are companies, which are well-known to the politicians in Barbados, that would have sent home staff just before the two-year period was completed and then the staff is able to derive benefits from the Unemployment Scheme and who were subsequently rehired.

Sir, while there might be talk about employees who are making adjustments to forms, there are practices that have been established over the last several years where employers have been using the shortcomings of the Scheme to sustain themselves and not to disadvantage the employees. Sir, to ensure that the employees cannot qualify for severance, they are sent packing. They collect their unemployment benefit and then they are rehired. Perhaps, that needs to be investigated.

Mr. Speaker, some years ago the Other Side tried to use the Unemployment Benefit Scheme to estimate the extent to which unemployment in Barbados had increased. I can now show you that during those difficult days, in the early 1990s when Barbados was in a structural adjustment programme, that during the years 1991/1992 the total unemployment claims that were received were 18,209 in 1991, and 20,396 in 1992, at a time when it was said that we had unprecedented levels of unemployment. Sir, when you check the year 2001, you will see that the unemployment claims

received reached 18,066 when we are suggesting that there has been a dramatic fall in the unemployment rate.

Therefore, if in an environment where unemployment is much higher, where people have easier access to employment and we can still witness these levels of unemployment claims, then we have to question one of two things, whether or not the unemployment data is correct or the practices have been adjusted in the way in which I suggested earlier, to benefit the employers in Barbados.

Mr. Speaker, we know of the employers of whom I speak and we know the employers that can be traced. While the National Insurance Scheme is seeking to empower itself and to better manage and enforce the system, perhaps, it needs to look at several employers in Barbados.

Sir, let me look more directly at the amendment. Sir, this Bill would amend the National Insurance and Social Security Act to make provision for the repayment, under certain conditions which have not been specified or outlined by the Minister under certain conditions. What are these conditions that would permit this amendment to be reasonable and just, under certain conditions of arrears of contributions by an employer, or a self-employed person, over a period of 36 months and for related matters? This is very vague stuff, and therefore needs to be explained.
11.20 a.m.

Sir, there are small businesses in Barbados that suffer difficulties with respect to cash flow problems. There are small businesses that have issues with respect to debt. Therefore, it is believed, but has not been verified by the evidence, that the problems being realised in the NIS are predominantly within the small business sector of Barbados.

The first thing, of course, we need to do is to be able to identify what we mean by small business. Then, we also need to be able to identify whether or not a company that hires in excess of 200 employees, as was the case recently in St. Philip, can be classified as small, in the context of this legislation.

The major problem confronting small business in Barbados is related to the fact that most businesses, especially small businesses, tend to see sales as equivalent to profit, and do not really understand the need, the question of value added. Therefore, many small businesses, once they get in the revenue, per week or per month, equate whatever revenue they receive with profit and that is where the problem comes because that is not how it works.

Again, the cry is being made for us to educate our small businesses, with respect to the fact that profits are, in fact,

sales or revenue, minus cost and not sales being equal to profit. This is something that has been the problem for a long time, especially among small business people, not only in Barbados but across the region. I will get back to this issue in more detail later.

Sir, I think there is an issue that needs to be looked at by the Minister, which may be tangential to the debate here this morning, with respect to the amendment, that was brought to my attention, and it has to do with the Canadian Farm Labour Programme.

This Canadian Farm Labour Programme was established in the 1960s and there are some matters that really have to be addressed by the Government. Here, we are seeking to do good for Barbadians by giving them the opportunity to go abroad to work. Yet, we do not understand the need to adjust the conditions under which they work, in light of the changing global realities which we confront.

A farm labourer goes to Canada for a period of six months. He is put on a farm and he is allowed to work for 40 hours or more. According to the contract which he has, the Government of Barbados takes out 25 per cent of his wage. The Government of Barbados then allocates the 20 per cent as compulsory savings, and the remaining 5 per cent as a contribution to the administrative cost of the Programme in Canada.

The first thing that needs to be done is that the contract has to be rewritten, because it is not clear to the labourer what really happens. The contract is not clear. Having taken out 25 per cent of the labourer's wage, the Government proceeds to take out 20 per cent of the 25 per cent. Sir, 20 per cent of the 25 works out at 5 per cent of the wage, 1/5 of 25 is 5 per cent. When you read the back of a contract, it says that a specified percentage of the 25 per cent would be deducted for administrative costs but it does not say what is the specified percentage.

I am suggesting, Mr. Speaker, that the specified percentage is 20 per cent, and that the remaining 80 per cent of the 25 per cent is what comes home as compulsory savings.

There are a few things wrong with what is occurring with the Farm Labour Programme. One is this: The 5 per cent which is taken out of the farm labourer's wage, should be restricted to a 40-hour work week. If a worker on the Farm Labour Programme decides to work overtime, there is no-good reason why the administrators of the Farm Labour Programme in Canada should benefit from the increase work effort of the labourer.

Therefore, the 5 per cent ought to be restricted to a 40-hour work week. When the labourer decides to work beyond

40 hours, there can be no-good justification for a 5 per cent deduction from the 41st hour onward. Therefore, there needs to be a revision of the Canadian Farm Labour Programme policy because it really is to the disadvantage of the worker.

I cannot see how you can correlate administrative costs of a programme with the increased work effort of the labourer who determines in Canada that he or she should work an additional 20 hours a week or an additional 40 hours per week. Therefore, whoever Mr. Jerome is or Mr. Davis is in that Canadian Farm Workers' Programme is able to extract 5 per cent of the overtime.

The other issue, Mr. Speaker, is that as it stands now on some Farm Labour Programmes, the labourer works for CAN\$6 per hour wage. When the worker works overtime, he gets the same CAN\$6 per hour. He does not get any additional incentive for working harder on the Farm Labour Programme. Whether or not he works a 40-hour work week, or a 60-hour work week, or an 80-hour work week, as in some cases, his wage is still the standard CAN\$6 per hour.

It is not fair because it is an increase in work effort, on the part of the worker, who makes the determination that since he is in Canada, in a strange land, that he can work harder, rather than go and socialise. Therefore, there should be something in the contract that encourages the labourer to work beyond the 40-hour work week and get compensation of a greater amount.

Mr. Speaker, there are some other difficulties. Of course, the farm labourer is taxed in Canada but if that worker was working in Barbados for a similar wage, he or she would have been entitled to a tax-free income of the order, I think now of \$17 000, per year. Therefore, the tax rate would only kick in after, and not on the first dollar earned, as happens currently in the Canadian Farm Labour Programme.

Therefore, again there is need for a revision of the way in which that tax is imposed. We have double taxation treaties in which we can negotiate such benefits for our workers.

11.30 a.m.

I think workers are also asked to pay some other contribution in Canada but when they come home, having worked for a much higher wage in the Canadian Farm Labour Programme, they only pay national insurance on what is remitted out of the compulsory savings locally.

Again, what you have there is that a worker who may be worth four times what he actually remitted to Barbados in compulsory savings out of which the National Insurance contribution comes is not going to derive the kind of benefit

commensurate with the wage he earned in Canada but only with respect to the compulsory savings that would have been sent back home on his behalf. Again, there is a need to look at that because ultimately it is about providing the best benefit for the worker not necessarily just sending the worker out to Canada.

Mr. Speaker, I am suggesting that the National Insurance contributions should better reflect what the worker actually earned in Canada rather than what he remitted in the form of compulsory savings. Mr. Speaker, it may be the case that it would become a higher liability to the worker but it would also be a higher benefit in the future. Mr. Speaker, we have to think in terms of safeguarding our people, especially those at the lower echelon of the society, and those lower paid workers and so-called value workers.

Mr. Speaker, that Farm Labour Programme which was instituted in the 1960s has to be revisited and revised in light of the current realities associated with this new global world. Even in instances where some employers in Canada decide to pay the overtime directly to the worker, it has been reported to me that the Administrative Office in Canada takes objections because if the employer decides to pay the worker his overtime directly, the Canadian Office would not get its 5 per cent of the wage earnings of the worker.

Mr. Speaker, why should it be the case that a worker who decides to work overtime be penalised by an Office that is simply receiving a stipend for the work it is doing on behalf of the 400 to 600 workers who go up to Canada every year? Therefore, there must be a limit to which the Canadian Office is able to extract from the labourer's wage as currently obtains in the Canadian Farm Labour Programme. Therefore, there is a need for that revision as well. There is also a need to think in terms of the worker not just in terms of maintaining a lifestyle for people who may be in their fully air-conditioned offices and very much involved in driving big cars and living very heavy lives in Canada.

Mr. Speaker, once you give any Barbadian the opportunity to locate overseas as opposed to staying at home, they are going to go overseas. That happens daily at the Barbados Tourism Authority. They like the overseas postings because they live a much grander life in those States in Canada, the United States of America and Europe than they would live at home.

Mr. Speaker, I am suggesting to you that when a fellow goes to work on a Farm Labour Programme that he has to work extremely hard sometimes in bitter cold and therefore should be given the benefit of his hard work and not for that benefit to be allocated to other people, so that is something we need to look at.

Asides.

Mr. C. A. MASCOLL: It cannot be any question of untruths because only last week I became privy to the circumstances under which Canadian farm labourers work and the contract they have to sign.

Mr. Speaker, let me go deeper into this matter because the legislation talks about self-employed people. I think we need to find ways of enforcing the payments of National Insurance by self-employed people for their own sake. A friend of mine who washes cars at the back of Carlisle House has been able to send his daughter to the University of the West Indies on the basis of what he earns from car washing. Mr. Speaker, my concern is whether or not he is, in fact, paying National Insurance contributions and whether he understands that at some time down the road he may take ill and may not be able to work.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, this is not a contentious debate. This is a debate in which I am seeking to inform as was requested by the Minister. Some make some attempts to educate but the Honourable Member for St. Thomas never listens very well. She has developed the art of interrupting and trying to take people off their strides, but in such a debate like this she should really be more inclined to listen to the issues being raised, but I will continue on the journey.

Mr. Speaker, we have several fishermen who should be encouraged to pay National Insurance contributions. There are other self-employed people who do it, but how is it done? There are almost in excess of 1 600 taxi drivers, when you look at the licence plates, who in order to be able to ply their trade have to get certificates of clearance, so by necessity they have to register somewhere.

I am suggesting, therefore, that it cannot hurt for us to ensure for their own sake that several self-employed persons in Barbados be asked to register in order to be able to get them to compulsorily pay their National Insurance contributions because it is going to be to their benefit in the future.

Mr. Speaker, I was informed that there are several other professions, doctors, lawyers, architects, that have to register under the Profession, Trade and Business Registration Act. If we are serious about insisting that small people in Barbados understand that their lives would not end in the late 20s or 30s and that they may live beyond the 60s and they should be thinking in terms of how they would be provided for in the later years, then they should all be encouraged to register under some act in order that they

would be able to make a compulsory contribution to National Insurance so that they can benefit later.

We are seeing it through the abundance of people who are washing cars in Barbados. We are seeing several persons who are getting involved in vending in Barbados. We are seeing several people who have a desire and an appetite to become self-employed. I feel that has more to do with their psychological state than with their financial requirements, and we cannot kill them for it.

Young Barbadian men having looked at the system, having looked at the organisation of finance in Barbados, and having looked at the structure of business in Barbados, have determined that they want to chart their own destiny. Therefore, there is increasing emphasis in Barbados on young men and women seeking to become self-employed. However, they have to be encouraged to understand that because of that status they are even more risks involved in not only sustaining the business but also being able to sustain themselves into the future. Therefore, at this stage I think it has to become the duty of the Government to ensure that it provides an infrastructure that would accommodate self-employed people in Barbados in a much better way.

Mr. Speaker, we cannot be encouraging registration on the one hand and on the other not be encouraging greater enforcement on the part of the National Insurance Board.
11.40 a.m.

Therefore, the existing complement of 15 inspectors which we have, perhaps needs to be looked at in light of what I am suggesting. Currently there are approximately 15 inspectors who go around and who try to encourage persons, especially self-employed and small business persons, in the payment of the National Insurance Scheme. They went as far as setting up a booth in Oistins and in Bridgetown, but both booths have been abandoned.

Sir, this kind of effort needs to be sustained because we are seeking to increase the level of compliance for the National Insurance Scheme. It can only be done if initiatives are taken by the Government to increase the complement of staff, to provide the level of service for them to increase the level of enforcement opportunities.

These officers get travelling allowances, including that of car allowance but it should be even more encouraged, in light of what is happening in our market, for them to be able to get out there and sell the need for National Insurance policies and plans, especially to small businesses and self-employed persons in Barbados. I would suggest that or perhaps there is need to ensure that the existing complement is, in fact, doing its work, and doing it far more effectively. I am not privy to the facts or to the data.

Mr. Speaker, we have seen a recent trend in Barbados where the National Insurance Board has been insisting that some workers were sent back to the Board's doctors to be further evaluated with respect to whether or not these workers should be fit enough to return to work. Persons who were previously able to benefit from the invalidity benefits are now being evaluated. This is something that has to be addressed.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, if a person has been evaluated that he or she is unable to work for the rest of his or her life, why is there the tendency for the National Insurance Board to want to insist, increasingly so, on persons returning to doctors who have been suggested by the same National Insurance Board? This is why persons were able to say perhaps it had to do with the state of the National Insurance Scheme. Perhaps it is because the National Insurance Scheme is near insolvency.

Mr. Speaker, that kind of speculation could come and has come from the public. The speculation is that rather than there being a computer problem at the National Insurance Board, it has to do with whether or not the Scheme is near to insolvency and that even though it might be highly liquid today... A scheme is about benefit. One pays that compulsorily to derive a benefit in the future.

Insolvency of the system is determined not by the state of today's status but by the status of the Scheme, some 20 or 25 years beyond. Sir, that is why the Honourable Member was able to say that by 2028, at the current, we are going to reach a peak where the ageing population, in addition to the declining working population, will contribute to an issue of insolvency of the Scheme.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, what is happening is that increasingly our dependent population is growing larger. That is, the population that is below the age of work and the population that is above the age of work are becoming even greater as a proportion of the total population. Therefore, the working population now finds it more difficult to carry the dependent population. That is what the nature of Barbados' ageing population can do for it. It can make things such as the National Insurance Scheme difficult.

Mr. Speaker, it also makes one laugh sometimes because recently I picked up the news and read that the Human Development Index has shown that Barbados had dropped in two places. Sir, the most significant part of it is that one of the indicators, life expectancy, had, in fact, performed better than the previous year.

Mr. Speaker, what could have happened in Barbados, over the course of 12 months, to have increased life expectancy by about seven additional months? I then questioned myself. I told myself that it was miraculous, that over the course of a 12-month period, that I could live seven months longer. Why? Sir, in the absence of that performance of life expectancy, we would have declined even further in the Human Development Index, so we had a countervailing performance of life expectancy.

I am happy to hear that Barbadians are expected to live longer, and that is why one has to be so careful sometimes with statistics, but I wonder what could have happened to have permitted it? I then started to answer the question that perhaps it could be that our increasing emphasis on a programme for HIV/AIDS today might have given the impression of more optimism for the future.

Therefore, on the basis of that optimism caused by an HIV/AIDS programme, we can anticipate a longer life, but could it have happened over a 12-month period? It could not have happened over a 12-month period and, therefore, one starts to question something like the Human Development Index, when it makes that kind of suggestion about Barbados' life expectancy improving so quickly over the course of a 12-month period.

Sir, that is what it is about. It is not about taking these doses from international organisations. It is about the capacity to sit and to analyse for oneself, whether or not one is being hoodwinked and how, in fact, these statistics could give information which one does not like to hear at some times than at other times. Sir, the question is the consistency of one's thought with respect to understanding and analysing this kind of information. It really is a concern for me.

Mr. Speaker, this question of the amendments that are before us about the employer and self-employed persons being able to pay off arrears over a 36-month period, makes one wonder. Again the Honourable Member has attempted to suggest that after 36 months, persons cannot expect that there is no commitment to pay the arrears.

Sir, there are some others who may interpret it to mean that one has the freedom to operate within a 36-month period and, therefore, that one could suggest that the financial state of one's company that may give some degree of freedom within this new amendment because it is now legislated that an employer can pay off arrears over a 36-month period.

Mr. Speaker, we have to be careful that companies do not abuse this kind of latitude. That is why there is the need for inspection increases, the need for the complement of staff to go out there and to enforce because one would have to be

able to anticipate and to know whether or not companies are giving out the correct information. As a result of this amendment, a company might see it fit to use this amendment for its own good, and that is where the problem comes.

Mr. Minister, it is something at which there is the need to look. They can simply now operate within the bounds. As they are currently doing, there are several employers in Barbados who are operating, and we know who they are because they have had practices such as these for a number of years, where in order to put pressure on the system and take pressure off themselves...

There was a situation years ago during the difficult times where shop assistants were conveniently working for 20 hours per week, over the course of a five-day work week, so that the employer could have avoided the payment to the same National Insurance Scheme. It happened repeatedly in Barbados during those difficult days and I have no doubt that it still happens.
11.50 a.m.

Sir, understand the pressure of a shop assistant who comes to work at 8:00 o'clock and leaves at 12:00 o'clock only because an employer can get around the system of National Insurance. The person has to look for the same clothes, bus fare and everything else to come to work so there is no benefit for the employee. Sir, these things have been happening in the system.

We can make these kinds of adjustments but what about the ability of the directors of the National Insurance Board to manage the fund effectively and the viability of the fund? We have seen a tendency in Barbados over the years of this Administration to take the surpluses at NIS under the guise that you need to find areas of investment for returns where you need to invest your portfolio in such a way as to yield adequate rates of return for benefits to be derived in the future, yet still you have to question how the National Insurance Board can invest in certain projects and how they could have invested in the GEMS Project in the way they did a few years ago and in the Hilton Hotel, a project that cannot yield any rates of return in the immediate future, yet the National Insurance Board is able to take up funds and invest across-the-board regardless of the potential risk or the rate of return of investment because they are part of the apparatus of the Government when they should be making decisions that are in the interest of the persons who pay into this benefit scheme.

Sir, recently I raised a matter in this Chamber with respect to the Barbados National Bank and the Chairman attempted to refute what I said. Sir, it could not be refuted

because he was then Chairman when the bonds at the Barbados National Bank were increased from 4 per cent to 6.5 per cent and at page 16 of the Prospectus of the Barbados National Bank said it would lead to the increased viability of the Bank and profitability of the Barbados National Bank.

Sir, he then had the gall to go into the public domain to try to refute the argument by suggesting that the Barbados National Bank never benefitted from the interest paid on the bonds. We all know that the Barbados National Bank debt was shed to the Barbados Agricultural Management Company.

Sir, the Chairman, the person now in charge of Barbados National Bank, is saying that the National Insurance Board bought part of the outstanding debt of the Barbados National Bank. Mr. Speaker, when it was raised, the President of the Barbados National Bank said that 40 per cent of the bonds were sold to the National Insurance Scheme. This Parliament never had the privilege to know whether or not it was so, or to deal with it yet, the President could say in the public domain that the bonds which were issued on behalf of the Barbados National Bank, that 40 per cent were purchased by the National Insurance Board.

Mr. Speaker, this Parliament never had the privilege to discuss the efficacy of the move as to whether it was financially viable, in the interest of the National Insurance Scheme, redound to the benefit of the taxpayers or those persons who pay into the National Insurance Scheme. In response to my suggestion that we are giving away the sweets of the Barbados National Bank to Royal Bank, I was told that I was wrong and that 40 per cent of the bonds went to the National Insurance Scheme but we were never told that in this Parliament until the matter was raised. Sir, these are the kinds of things we have to be confused about because, it is said that it starts and ends in the Parliament of Barbados.

Sir, if we could only get this kind of knee-jerk reaction to these kinds of issues, then we have to continue to raise matters in the interest of the public. When there is a little latitude given on the Floor of Parliament we have to take it in order to ask the kinds of questions we need to ask.

Sir, it makes no sense asking Parliamentary Questions because they are never answered. They are only answered when there is a gimmick, and then it will be determined by them since they will be answered only to create political doubt as to what the Opposition is doing.

Asides.

Mr. C. A. MASCOLL: Sir, I am convinced that I am correct because I have seen questions asked in this

Parliament which remained on the Order Paper for five years without anyone giving an answer except if it takes two minutes to answer. Sir, these are the kinds of things that make you worry.

Mr. Speaker, I feel that this amendment could have implications for a vexing and burning issue in Barbados. I know persons should be legal to work in Barbados. I also know there are many immigrants who are not legal and who still work. Sir, if they work, should they not pay National Insurance? Therefore, if we want to monitor whether or not they are illegal immigrants, perhaps we need to ask some other question of people who employ illegal immigrants. Sir, once you earn in Barbados you have to pay National Insurance but if people are able to work in Barbados without paying National Insurance then they are not making any contribution to the social upkeep of this country.

Mr. Speaker, we cannot be against members of CARICOM who seek to migrate to Barbados because we are now our brothers' keepers and all one. Therefore, St. Lucia, Trinidad, Guyana, Antigua, St. Vincent and Grenada are all parishes within a country called CARICOM and when they cross the seas to come into Barbados they should be expected to make their contribution to the social upliftment of this country. The best way to do it is to ensure that when they work, whether they are legal or illegal that they should be made to pay National Insurance. Sir, that is a conundrum because you should not be able to work if you are not legal and if you work when you are not legal, you should be made to pay National Insurance because you are enjoying the benefits of the social system of Barbados.

Mr. Speaker, when people apply for citizenship they have to supply proof. As I said before, they should be entitled to be part of the process but whether legal or illegal they should find a way to make their contribution. The best way in which it can be done is to ensure they participate in the social upkeep of this country.

12.00 noon

How this is done is now a matter for the Government but we cannot continue to hear talk about illegal immigrants, people who are coming to our shores and undermining the financial process by being able to work for low wages and compromising the integrity of the labour market. Yet, when they work, they do not make the kind of contribution to the social upkeep of this country. Therefore, there are several issues that can be raised in this debate and can be looked at in terms of the future viability of our social system.

Mr. Speaker, it, therefore, means that this amendment, as innocent as it may look when it speaks to giving arrears and contribution, allowing employers and self-employed

persons to make repayment for indebtedness to the National Insurance Scheme, could also have implication for the overall social fabric of the society.

Sir, we know in Barbados that there are increasing numbers of self-employed people and the system will turn out the increasing technology, the capacity of an individual to go on a computer and employ himself, the capacity to become a retailer on a computer, to become involved in e-commerce and to do all sorts of things and deliver services beyond the regions to others across the globe on the network. These are people who are able to become self-employed but unless we are able to get them into the system to provide and make a contribution towards the upkeep of the country when they become older, we are going to have a serious state of social decay in Barbados in the not too distant future and this is a major concern.

Mr. Speaker, it then takes us to the question of non-contributory pensions. Why is it that we now have to have a means test in order to be able to derive benefit from non-contributory pensions? On what basis do you determine the means test? What are the criteria?

Sir, when an individual says that she is a seamstress but she is only making a \$100 a week and when she averages it over the course of the year, even though during Christmas and Crop-Over she may get more than \$100, when she averages her income over a year, it is less than \$200 per week. How do you make the decision whether or not to put that person into the pool and on what basis do you determine that? If an individual is a housewife and she can prove that she has no income, then that individual is able to be placed on the non-contributory list because she has clearly demonstrated that she has not worked. What about the individual who has worked but has not worked for an adequate amount and, therefore, would be deprived the opportunity to get a non-contributory pension because he or she has worked but has not worked for an adequate amount to be considered for a non-contributory pension?

Mr. Speaker, a housewife gets a benefit and, therefore, we need to look at the means by which we now evaluate non-contributory pensions. I understand that there are being phased out and if that is not the intent, then we have to ensure that more people are able to be enfranchised by the National Insurance Scheme and not to be denied benefits under the National Insurance Scheme. This is truly a concern.

Sir, the question of what is happening in the labour market in Barbados. This is something started a few years ago and depending on when you are able to get contributory benefits and the kinds of things that are happening to persons in Barbados who are over the age of 50 and might have been with a company for a while and the company is seeking to downsize and become more efficient.

Therefore, the company identifies those individuals as the first persons to go because those individuals are now in their early 50s and might have been with the company for a long period and, therefore, severance to those individuals would be higher and the liability becomes higher, the longer the persons stay. Therefore, in the process of downsizing, the casualties in Barbados are now individuals who are beyond the age of 50 but cannot yet qualify for National Insurance.

Sir, these persons have about five or seven years in limbo where and because of their age they have been laid off, they cannot get access into the job market quickly, so, therefore, the potential for a job diminishes and they have to hang around until they can qualify for a pension and that has been a major feature, not only in Barbados but in the job market worldwide where older people are being denied opportunities to work on the basis of age but they are not yet close enough to the age qualification to get a contributory pension and we are encouraging early retirement in Barbados.

Asides.

Mr. C. A. MASCOLL: Sir, what makes me more concerned is that even the Minister of Labour, the Honourable Member for St. James North, has recognised the increasing proportion of the dependent population. Yet, there is a desire to reduce the age at which we qualify for a pension, which means that there will be a greater level of the depending population in the coming years.

Hon. R. C. EASTMOND: On a point of order. Sir, I did not want to interrupt the Honourable Member. I want to make it clear for the benefit of the Honourable House that programme to allow persons to draw pensions before the age of 65 is optional. In other words, there is not going to be a compulsory retirement at 60, 61, 62 or 63. Currently, there is a compulsory retirement age of 65 but in the interest of flexibility, we are going to allow people who are younger than 65 years and between 60 and 65 years to opt for a pension earlier and get less pension and later on, those persons who refuse to take it at 67 years will get more but that would be an optional system.

Mr. C. A. MASCOLL: Mr. Speaker, Governments put policies in place in order to ensure that people derive greater benefits. You do not provide an option that can be a disadvantage. If, as we are hearing, there is concern about the increasing dependent population in Barbados, in fact, rather than allowing for an option at an earlier age, Government's policy should be to encourage people to work longer, increase their contributions and, therefore, reduce the pressure on the working population.

Sir, if you are saying on the one hand that you are putting in a policy in place that is at a variance with the trend that you are observing, which is a trend towards increasing pressure on the working population to provide for the dependent population, then the more sensible policy would be for Government to extend the working ages of individuals and not to provide them at optional policies of retiring at age 60.

Sir, there are several examples of men in Barbados who are in their 60s who are now as capable and competent as younger people. Perhaps, what is happening here is that the financial consideration of the Scheme seems to have paramountcy over what is happening nationally to our ageing population. The logical conclusion of the increasing age, which is increasing the dependent population, is to set up policies that extend the working age rather than to give options to the working age.
12.10 p.m.

Sir, if what we are doing is out of financial expediency to set up policies that extend the working age, rather than to reduce or to give option to the working age, therefore, if you are doing that out of financial expediency, you are disrupting your social fabric by not allowing the older people in the society to have greater opportunity at a longer, more rewarding life. It is at variance with what is the trend.

Sir, even though you may be observing this in Chile, even though you may be observing it in Britain, even though you may be observing it in the United States, the reality of life in Barbados is that our working population cannot sustain the increasing depending population. Therefore, your policy prescription should not be one of reducing the age, but should be one of increasing and, therefore, encouraging people to work longer, rather than to work fewer years, and you are going to take less pension in an environment, obviously, in which the older persons are going to find it increasingly difficult to live.

This is what we are seeing in Barbados. Let us not fool ourselves. What we are seeing is an increasing cost of living in Barbados, especially among the elderly. As you grow older, the proportion of income which you spend on health increases, and no other scheme in Barbados, but the National Insurance Scheme, can sustain it. Therefore, Barbados is trapped in a dilemma of having symptoms of a developed country with longevity.

In fact, Barbados' longevity exceeds many developed countries. In that sense, Barbados is a developed country. If you are saying that, how could you now be promoting schemes that reduce the participation of the elderly in the workforce? Sir, it does not make sense. It is counter to the prescription required at this stage. It is counter to what the Government should be doing.

Therefore, similar to what you are doing with the National Insurance Scheme, you should not be trapped in accepting prescriptions from overseas when, in actual fact, Barbados has a special characteristic of long life that ought to be taken into consideration whenever you seek to construct a development plan for Barbados. It makes Barbados particularly special as a developing country.

Sir, that is why I am saying that this approach has to be wrong. There are some people in here who are well over 50 years old. There are not many, it would appear, but I would hardly think that in 10 years' time, the usefulness of your intellectual capacity would have diminished substantially.

Asides.

Mr. C. A. MASCOLL: Those on the Other Side.

I would hardly think so, therefore, it could happen but the next 10 years, you would hope not to be marginalised. Then, again the people say that politicians have a way of providing for themselves, so that after two terms, they are entitled to a good pension.

Asides.

Mr. C. A. MASCOLL: I do not know, but that is what they say. I think they are wrong. I am therefore saying that perhaps we need to reconsider the direction in which we are going, with respect to this whole question of the National Insurance Scheme.

Mr. Speaker, I know it is coming up to lunch time, but let me say that as I look to the future of Barbados, my greatest concern is to the potential, social decline and decay that could exist, and we are already starting to see the evidence.

Sir, again, I will introduce a statistic that I continue to introduce in debates, that the very productive society upon which you are pinning your hopes, that is the male, is the very portion of the society that is not going on. Therefore, when you look at Barbados' situation, almost half of your productive society is not achieving the levels that you would like.

If it continues like this, it means therefore that into the future, apart from simply looking at the age or the numbers, you have to look at the quality of the people whom you would have to rely upon to carry the very dependent population of which you speak. This is a major concern for

me and I express it in an ongoing way because I see it as the most critical need in Barbados.

You cannot have a situation in which beyond secondary level, your females are being enrolled at tertiary institutions to the tune of 2.5 to 1. That is, for every 250 females, there are only 100 males being enrolled. It means, therefore, that in the next 10 to 15 years, that figure will move to 3-1, and the very young men upon whom you are relying to carry the society forward, will be there in numbers and may, themselves, become dependent on a system that is hoping to depend on them, into the future. This is a major and serious concern which I have about Barbados.

Barbados' economic situation can be altered with proper management. Barbados' social condition is so approaching levels that I cannot see much reversal in the foreseeable future. You can always alter your monetary policy and your fiscal policy. You can always encourage somebody to invest, but your social fabric which is decaying at the rate at which it is in Barbados, is a major threat to your future needs because, I repeat, the very individuals upon whom you are depending, are the same individuals who may have to depend on you, if we do not get that ratio correct where females are simply going on and making good of their lives, while the males are being marginalised.

Sir, this has serious implications for the family unit. Could you imagine what is going to happen to Barbados when young women go and make themselves proper in every sense of the word, not only shapely but intellectually worthwhile? Then, when they look for someone to complement them, the individual is not present, but it has implications for everything else.

Sir, no wonder we will continue to have discussions on homosexuality. No wonder we will continue to have discussions on prostitution because, if females are going to be developing themselves in the way in which they are currently, and they cannot expect to see complements into the future, then it has serious implications for our social fabric into the future, because they then have to start choosing among themselves and then the men will have to look elsewhere, among themselves. Sir, what you have developing is a quickly decaying society which is a major concern for any person who wants to look at it at this stage.

I would like us to look at what happened in this country 40 years ago. Some people do not like to look back but to know the future, we need to know the past. The reason why Barbados was able to move socially is because of the very educational provisions that were made in the 1960s, and the very thing upon which we depended, in order to socially uplift the young men and women in Barbados, is the very

thing which they are now not making use of, and that is education.

There is only one empowering tool for poverty and it is self-development and self-reliance. In the absence of being able to rely on self, you have to rely on somebody else, so you become dependent. Then, the society, in order to protect those who have, and those who are independent, have then to protect the independents from the dependent. Therefore, you have social problems spiralling which is a major concern, even as we speak to National Insurance.

I therefore have no difficulty, Mr. Speaker, in understanding the need for such an amendment, but I have grave difficulty in understanding the other issues that will confront us, if we do not:

1. Give opportunities for the elderly to go on and not to be restricted at age 60.
2. If we do not give opportunities for people to become self-employed, but who can then put systems in place to take care of themselves into the future.
3. If we do not give opportunities for small businesses to be structured in such a way that they no longer have to worry about the provisions they make for employees.

If we do not give opportunities for those kinds of realities to occur, then we could do whatever we wish with any National Insurance Scheme, but it would not prevent the eventual social decay of Barbados.

I thank you, Mr. Speaker.

SUSPENSION OF SITTING

Hon. R. C. EASTMOND: Mr. Speaker, I beg to move that this Sitting be suspended until 1.30 p.m. today.

Hon. R. R. FARLEY: I beg to second that.

The question that the Sitting do now suspend until 1.30 p.m. today was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.
12.30 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. The Honourable Member for St. George North.

Hon. G. A. CLARKE: Mr. Speaker, I rise in this debate to congratulate the Honourable Minister and the National Insurance Department who, for the last 40 years, have provided a very important institution to the benefit of all Barbadians.

I must say from the outset that we have recognised this National Insurance Scheme is above the political divide and so far all Barbadians must be proud that we have an institution which was set up by the Democratic Labour Party in 1967, which has remained functional up to today and has been providing the kind of service of which Barbadians ought to feel proud.

Sir, there have been a number of problems during the last few months but I believe that these can be ironed out without much trouble. Therefore, we must all believe that the National Insurance Scheme will continue to provide the type of service to which we are accustomed.

Mr. Speaker, as far as the Bill is concerned, it will make provision for the repayment of arrears of the contributions of an employer or of a self-employed person, over a period of 36 months. According to the provision, it takes effect from March 2002. Persons will be permitted to have all payments applied to the outstanding principal, while interest and penalty would remain static.

This is, indeed, a good provision because employers would now be able to make payments on these arrears over a period of 36 months, and with interest remaining static, while the outstanding balance will go towards the principal. This is, indeed, a good provision which I am sure would happen over a period of time.

Mr. Speaker, it is an important provision because we recognise that there are many employers who now have difficulty in submitting their workers' National Insurance contributions, even though by law they are supposed to do so.

Sir, some persons were asking about the problems or difficulty which employers would have in remitting these funds to the National Insurance. Sir, Government has realised that, from time to time, employers will have cash flow problems. Some of them will not do it out of malice nor would some want to defraud the National Insurance Scheme. Therefore, Government has decided that a 36-month period would be applied to the system so that employers would be able to repay over time, while interest on the arrears would remain static.

Mr. Speaker, according to the latest figures, 52 employers have taken advantage of this programme and have paid approximately \$1 million toward the arrears, with accrued interest amounting to approximately \$60 000.

Therefore, the employers who have taken the initiative to go back to the National Insurance Department to sign a new contract, have, so far, paid in over \$1 million.

Mr. Speaker, the arrears of the Scheme to the end of 2002 stood at \$159 million, which is a large sum of money owed. We are hoping that over the next two or three years, we would see a large reduction of such arrears. Sir, it takes time and Government has put provisions in place, so that we believe if the employer should take advantage of this, it should help him in a great way. We do not believe that the many employers who have come forward and have signed contracts, that if they keep the arrangement in place...

Mr. Speaker, it has been stated that we cannot analyse what has happened in the last year because it is too early to analyse if the provisions are working, but we believe that over the next two or three years, we should see a reversal of that position.

Mr. Speaker, I am also happy to say that the National Insurance Scheme, by and large the provisions that are in place, should not only work to the benefit of employers and employees but also to those pensioners who look forward to receiving their pensions on reaching a certain age.

Sir, it is important for us as parliamentarians to look carefully at what is happening within the system and see how we can help our constituents to understand the scheme. During the last three or four weeks, there have been increasing numbers of complaints from persons who have applied to the system but have to wait for a long time. One lady told me that she had to wait a full year before receiving her pension, while there are others who are still waiting.

I believe that a system must be put in place to increase and to improve the performance for those persons who are waiting for their pension cheques for long periods of time. I am not sure if an interim payment could be made. We know that an interim payment would mean a lot to those persons who sometimes have to wait for a year before receiving their pensions.

Mr. Speaker, even though the system is working, we need relief for those persons who are waiting for a very long time. Sir, another thing we need to look at is those persons who do not contribute to the system. There are a large number of Barbadians who have worked all their lives and who have not contributed to the National Insurance Scheme.

Sir, even though we have had a number of educational programmes over the years to sensitise persons to the fact that they need to contribute to the National Insurance Scheme because at the end of the day when persons reach

retirement age, they would need that pension to help them, still too many of them are not contributing.

Mr. Speaker, we have to continue the programme of allowing them to know the benefits of the National Insurance Scheme. I do not know what else could be done outside the educational programme, because one cannot coerce a person but it is when they reach age 65, that they then call on the National Insurance Department for assistance. I think the call must go out across Barbados for all those young persons who are now employed, especially those self-employed persons who come to us on a daily basis, to contribute to the Scheme.

Mr. Speaker, today the Honourable Leader of the Opposition mentioned about the problems confronting those persons who travel on the Farm Labour Programme. This is a problem and I am glad that the Honourable Member has highlighted it. This is a Government-to-Government programme which started in the 1960s. It is not one executed by the individual because the individual cannot find work for himself. The programme was started between the Government of Barbados and the Government of Canada. 1.40 p.m.

It is a seasonal programme where the workers go to Canada for a period of time. If it is to pick tobacco, he may stay for six weeks but if it is to pick vegetables or fruits, he may stay for six months. This is important because it helps to provide employment for a large section of persons who are unskilled. Sir, many persons have contributed significantly to the upkeep of families in Barbados because of this Programme.

Sir, the Farm Labour Programme to the United States of America has been discontinued but the Canadian Farm Labour Programme continues and persons remit to Barbados approximately 25 per cent of their savings.

Sir, the Leader of the Opposition mentioned that there is need for a re-evaluation and assessment of this programme but, Sir, there is an assessment each year and workers have to compulsorily remit 25 per cent of their savings to Barbados.

Mr. Speaker, the initial programme started between Jamaica and Canada but in those days the worker did not pay towards his transportation cost. However, when Barbados and the Eastern Caribbean came into the Programme every worker outside of Jamaica had to contribute towards his transportation cost. This is the reason for the compulsory savings and 5 per cent of 25 per cent goes towards administration cost. It is also helpful to the worker because he gets savings when he returns home.

Sir, even though there is a need to re-evaluate the Programme, it is a good one. I trust it continues for a long time because it provides meaningful employment to Barbados and the countries of the Eastern Caribbean.

Mr. Speaker, in terms of overtime, it is my understanding that all monies earned by employees must be accounted for and each farmer must allow the Canadian tax system to know what money was earned so that workers can pay benefits on this money. Sir, when a farm worker reaches the age of 60 he is entitled to a pension from Canada once he has made the contribution similar to that which we have in place in Barbados.

There is great benefit to the Farm Labour Programme not only to Barbados but to the individual worker and many workers have resettled in Canada after working there for a number of years. This is beneficial because their families have been able to receive their citizenship and contributed significantly to the Programme. We hope the Programme will be expanded in the years to come because there was time when the Programme for Barbados was 1 200 people per year but it has now been reduced significantly to 500 people per year. We need to evaluate the Programme to see what additional benefits the worker can get.

Sir, Canadians tell you that workers from the Eastern Caribbean work well but Barbadians prefer to stay at home because labourers are paid better wages here. Sir, hotel workers and nannies also go to Canada which help to keep up the labour programme for Barbados.

Mr. Speaker, the time has come for us to put in place a system where old age pensioners cannot be disadvantaged. I visited three elderly people last week but they could not tell me who was collecting pensions on their behalf because younger persons, some relatives, go to the National Insurance to collect these pensions and these old people cannot get proper clothing, food or care. This habit has become rampant in Barbados and when this is reported to the National Insurance Scheme, it should then be reported to the police because it is happening too often and a stop must be put to this behaviour.

Sir, quite recently my office paid arrears of electricity for three senior citizens. This is unfair when persons are collecting the pensions on behalf of these senior citizens and we need to get the police to investigate why this is happening. It is also important that a system be put in place for old persons who have become senile and do not know what is happening around them. The social system needs to take these things into account to see how they could be corrected.

Mr. Speaker, our social security system is still functioning well. The Leader of the Opposition has made it

clear that there is a need to look continually at the various pension schemes, severance payments and the various benefits received from the National Insurance Scheme.

We need to expand the system because the time will come when a number of persons from the Caribbean will have to pay National Insurance in Barbados and receive benefit so there will be future analysis, not only of the Barbadian situation but throughout the Caribbean because they would be working hand-in-hand with the National Insurance Schemes within the Caribbean Single Market and Economy.
1.50 p.m.

Sir, I believe that this amendment is beneficial to the employer and the self-employed and I hope that they will take advantage of this generous offer, that these large arrears will be cleared up in the near future and the National Insurance Scheme will continue to be viable in the foreseeable future.

Mr. Speaker, I thank you.

Mr. D. St. E. KELLMAN: Mr. Speaker, I want to say from the outset that it is clear to me that the National Insurance needs to do an opportunity cost of their investments. It is also clear that they have tied up a large sum of money in fixed investments and they have not been able to do the right balance as it relates to what we call short and long-term assets. It is clear that there is an unfair balance as it relates to the long-term assets over the short-term assets and that might be part of the problem that we are facing today.

Sir, let us say that is not so. It is also clear to me that if what I am told is correct, then clearly when one considers the particular problem and the social fallout that have occurred over the last few months, the Government and the National Insurance Department should have been able to use the cancelled cheques to build back a register for payments. They would not only use the cancelled cheques to rebuild a register of payments but they would have been able to exclude those who would have come off the system or to add those persons who came onto the system.

Sir, we have to understand that when we are dealing with social payments as it relates to the masses, we need to find an alternative to speedily correct the problem as it relates to social benefits to the masses. If one studies what I am saying, that is up to the particular point in time...

Mr. SPEAKER: Please, please.

Asides.

Mr. D. St. E. KELLMAN: All that is needed to be done was to take the returned cheques for the previous payments that were made, add the names that are coming

onto that particular register and delete those that would have gone out of the system and that would have helped them in a substantial way. Sir, accounting knowledge is sometimes ignorance to some people who cannot understand it and those who have the experience have to explain to those who lack it.

Sir, we heard of many problems and we have to ask ourselves, are we really financing social cost by using the right system? It is clear to me that we are trying to finance social cost by using the direct system. The direct system has failed us and it is time that we recognise that. Based on all the information given to us by the actuaries, we cannot continue to build the resource of the National Insurance office by the process of deduction.

We need to spread the intake from the National Insurance Department by using a wider base. I am saying that it might be better to use the indirect system which would allow us to capture the ones that we claimed that are not part of the system and it would give us a wider base to make sure that the reserves of the National Insurance Department continue to expand and not decrease.

Sir, we have to understand that there is an impact every time contributions are increased for employers and employees. It is clear to me that the last imposition that was placed on employers and employees created such a negative effect that I am not sure that the National Insurance has benefitted as a result of that imposition. Whereas, if the Government had used the Consolidated Fund, they would have increased the reserves of the National Insurance Department by a larger amount. We need to understand where we are going and cannot continue to use systems that worked for us previously without understanding what is occurring in the world today.

Sir, the argument is that the number of employed people in the future will decrease. If that argument is true, then we cannot continue to depend on a system which when we started, we would have anticipated that there would be an expansion. Mr. Speaker, we are saying that what we started with previously is not now occurring and we need to find a system that will help us in a positive way.

Sir, based on the statistics that can be found in the Estimates, the indirect system, which is wider, will give us what we require. I am only throwing out a point, Sir.

Sir, the Honourable Member for St. James North indicated that I have been on record as saying there is nothing wrong in the introduction of unemployment benefits for people and I support the Barbados Workers' Union on that particular point. This is true but, however, if I do not

correct him at this stage, it might give people the wrong impression.

Asides.

Mr. D. St. E. KELLMAN: It was the Barbados Workers' Union that first mooted the unemployment benefits for workers when unemployment was at an unacceptable level in the early 1990s. It was the Barbados Labour Party that implemented it and no one wants to take the credit from them.

Hon. R. C. EASTMOND: On a point of order. If I heard the Honourable Member for St. Lucy say that unemployment was implemented in the 1990s that is not accurate. Unemployment Insurance would have been introduced before the Democratic Labour Party took office in 1986 and it was the Barbados Labour Party Administration, under Tom Adams, that moved Unemployment Insurance in Barbados.

I am sure that I heard the Honourable Member mention something about being introduced in the 1990s. Sir, what was introduced in the 1990s was the infliction of some economic pressure.

Mr. SPEAKER: Please, please. You have made your point of order.

Mr. D. St. E. KELLMAN: It is clear that the Honourable Member for St. James North has misled the Honourable House when he accused me of saying 1990s when I said 1980s but he has used the occasion to try to score a cheap political point on the Democratic Labour Party.

Sir, in the early 1980s it was the Barbados Workers' Union who went across Barbados advocating that unemployment benefits should be introduced, which was taken up by the Barbados Labour Party and implemented.

Mr. Speaker, the problem had nothing to do with the idea. The problem had to do with how it was implemented. Sir, because it was implemented badly, it has created some social problems for the Barbadian workers and that worries me. Barbadians up to the point in time were known to be hard-working people and the system was introduced in a way to encourage Barbadians to depend on unemployment benefits for 26 weeks.

Mr. Speaker, one of the first things that I did was to calculate the benefits that a worker would pay for a lifetime to the Unemployment Scheme. When that was worked out, Sir, it was clear that a worker could not pay the contribution for a whole lifetime working, that he could receive in a 26-week period.
2.00 p.m.

Sir, I am saying that no one wants to stop the worker from being entitled to that benefit. It is not in the interest of the country to have a worker home sitting for 26 weeks, and that is why I propose that we retain the 26 weeks, but we also create another system, where we allow the worker an option of having a benefit up-front, at a reduced rate, where the worker, because he has the ability, can then use that ability along with the capital that he or she has to create...

Asides.

Mr. SPEAKER: Honourable Members, you cannot interrupt the Honourable Member all during his speech. We still have to hear him, please. He is an Honourable Member and I have given him time to speak, please. Proceed, please.

Mr. D. St. E. KELLMAN: Mr. Speaker, what you have is a situation where you saw people, who had the capacity to produce being home for 26 weeks. Let us analyse it. We have 26 weeks of non-production, where people who had the capacity could be put back on a job, create insurable earnings to feed into the National Insurance Department. Therefore, we have deprived the National Insurance Department of 26 weeks of contributions.

Sir, that is why I am saying we need to find a system to make Barbados productive and provide a viable National Insurance Scheme. As the system now stands, it does not allow either of these to occur. Sir, any person with a productive mind and any person with understanding, would have been able to appreciate the point that is being made, and will not be making asides to the particular point.

I am saying, Sir, we have to understand that this is what we mean when we talk about social calls for the future of Barbados. Enlightened minds would look for ideas to make the Scheme viable. This is why I am saying that we need to do an opportunity cost on everything we are about to do.

When we decide that we are going to increase contributions, we have to look at the opportunity cost of it whether it is going to increase business or whether it is going to decrease business. We can also look to see, Sir, that if the money is taken from the Consolidated Fund, how would it impact on the productive capacity of those small businesses and other businesses and that is what we need to find out, Sir.

It is not here being involved in cheap politics, cheap talk or anything. The long-term effect is to make sure that when you are finished, you have something that is viable.

We also have to understand that the Government needs to separate the National Insurance Department from the Government *per se*. Sir, we also have to understand that

investments cannot be seen coming from the National Insurance Department as investments of the normal Government, because there is a difference between the two, for the simple reason, Sir, investments that are coming from the National Insurance Department must be investments that would bring back the greatest return for the Government.

I do not think anybody would argue about this particular point. This means that they need to find a department within the National Insurance Department, or an independent body that looks after investments to make sure that when those decisions are made, they are not political, and whenever they invest, Sir, that is not in the interest of the Government but it is in the interest of the country.

This Social Security Programme is very important, Sir, and that is why I said that this is not to be seen as hidden behind a company, but it is to be seen where individuals understand their commitment and are prepared to put personal assets to solve the problems, sometimes of companies.

I am saying we have to understand that we have to see this Scheme – Sir, that is why a year ago, I asked if we are breaking the Scheme or we are mending the Scheme, because we have to look at the decisions that have been made.

We have to be very careful because any social programme has to be one that if it has any futuristic view, we have to look at your best returns and you cannot afford to use the Scheme to prop up inefficiencies elsewhere.

We have to be careful. We also have to understand that real estate in the private sector might be right, but it does not mean that all real estate is the best investment. Sir, that is why as long as this Parliament can practise the opportunity costs when it comes to looking at projects, we would go a long way.

I find, Sir, that we are too caught up in old systems. We are not prepared to look at new systems. Even when we hear the new systems that sound viable, the first thing we are told is that we are accustomed to doing it a particular way and we cannot change.

I am telling you that the way we used to do business has changed. The mere fact that the way we have done business has changed means that we have to find new ways of approaching and solving problems within this economy. We cannot continue, Sir, if we know that the direct system is not working for us, to use old data to create information when that information is not compatible with what is going on within the society today.

It is clear, when one looks at the Estimates in Barbados, Sir, that the indirect system, and nobody on This Side, even though we first muted to implement the system, should have to preach to the Barbados Labour Party of the importance of the indirect system to them. For the simple reason, Sir, they have effectively used the indirect tax systems to land them two Government agencies. They have been able to say they created UDC, RDC, and many other agencies because...

Mr. SPEAKER: Honourable Member, could you please get back to the topic, please.

Asides.

Mr. D. St. E. KELLMAN: Sir, we have to understand that the system that allows the economy to expand more, Sir, is the system that will allow the NIS to be able to expand at a level that will build its reserves. If the UDC, and the RDC, are helping the Government to expand the economy of Barbados by increasing employment opportunities, then surely, the National Insurance Department will be the beneficiary of that increase.

We have to understand, Sir, that we cannot continue in this country to operate on one leg. We have to understand that whenever we get an opportunity, we cannot continue to believe that once we are involved in revenue expenditure, that is enough. Revenue expenditure will not give you the expansion you need in this country. It will not build the reserves of the National Insurance Department.

Until we fully understand what is capital expenditure against revenue expenditure, we will not go anywhere in Barbados. For the last 10 years, we seem to misunderstand the importance of capital expenditure and we seem to have a problem of having more than one at the right time.
2.10 p.m.

In order for a small country like Barbados to go forward, it being a service economy, we must expand and stop being a one-foot player. We must understand that urban Barbados is not the only important place and that we need to expand this development into rural Barbados by creating new opportunities and new jobs so that the National Insurance Department can have an expansion and the reserves can increase.

Sir, we feel we have an opportunity and we must pool that opportunity without expanding it. Any time you are given an opportunity and you hold it to your chest and keep it there, it is not of any help to anyone. You need to expand it. The problem in Barbados today is that we have been given many opportunities but we are not expanding them at the rate that we should.

Sir, we must be able to tell our friends that expansion is the key. We have to look after the interest of the whole country because we need to expand the country so that we could build the reserves for the National Insurance Department and also the reserves for the country. Friendship cannot be the key. The development of Barbados must be the key.

Sir, for 375 years we have seen Bridgetown as the nucleus for development, but after 375 years we still cannot be relying on Bridgetown as the nucleus of development and expect the country to expand and create employment for every citizen in Barbados. We must move that development beyond Bridgetown so that we can create more jobs all through Barbados and create more opportunities for investors to come to Barbados so that we can build on the employment opportunities because once you do that you are building the reserves of the National Insurance Scheme.

Asides.

Mr. D. St. E. KELLMAN: Maybe this debate might be a bit too high for some.

Sir, I am saying that we have to understand what is happening. In the same way that the other islands in the Caribbean understand the importance of expansion, we in Barbados should understand it too. We in Barbados call ourselves the trendsetters. We have a problem and we have to solve it. Nobody is going to solve it for us. The only way it can be solved is by capital expansion. Sir, as you know capital expansion cannot be in any one location, it must be spread across the country. Job opportunities will be the key. Sir, now that we have the opportunity to create the job opportunities we must use it because when it is not there, what are we going to do?

Sir, we must make the Minister of Labour, who is responsible for the National Insurance Department, happy by creating that atmosphere out there in terms of expansion and creating the attractiveness to Barbados but it cannot be in any one location. The attraction has to be all over the place.

Sir, we also have to understand that when people leave Barbados and go out to work for foreign exchange for this country that they are doing a good. I heard the former Minister for Public Works and Transport saying a couple years ago that there were 1 200 job opportunities outside of Barbados for foreign labourers, but now that has been reduced to 400.

Mr. Speaker, one cannot in one breath say that the Farm Labour Programme is important and in another be admitting that the number of jobs has declined from 1 200 to 400 without understanding that there is a social effect to that on the lives of Barbadians. Sir, when you are going to tell me

that Barbadians are forced to compulsorily save 25 per cent, it means that we have 800 multiplied by the 20 per cent taken away from us.

We cannot feel happy about that. What we need to do is to see an expansion. If anything is good, you expand it, you do not decrease it. I think the Honourable Member for St. George North made a very valuable point when he produced those statistics.

Sir, we must understand that a farm labourer is a very important person to Barbados because at least 25 per cent of what he or she earns outside of what they received previously and would have sent back home is brought back to the country in foreign exchange to build the foreign reserves on a yearly basis. The question is, what have we done for them outside of finding employment for them? How have we used them and their capacity to produce to encourage other Barbadians to want to follow them? What we need to do is to increase the benefits to them and show them off to the other Barbadians who the Minister claims do not now want to go on the Farm Labour Programme. Sir, if the Programme is good, it is in our interest to increase the numbers and not decrease them.

Sir, if we continue to see them as just simple workers going out in the cold, not knowing where they are going and working hard just because they do not have any friends and then coming back home and you have 25 per cent of their money holding for them and that is all, then we would never be able to appreciate the contribution that is being made by them. That is why I am saying that we have to look at the opportunity cost of everything.

Sir, we are in a changing world and we have to understand that the world is not waiting for us and that we have to maximise the benefits as they come. A couple years from now we cannot be heard to be saying that we had an opportunity to do something and we did not do it. What we must be saying is that we tried our best to maximise what we had but we should have done it better. That is what I want to hear, Sir.

Sir, I heard talk about the fishermen but there is a solution to that also. Most fishermen work a fishing boat on behalf of somebody else. It might be good to encourage the fishermen not to take a pay day every day but to take it on a weekly basis. They should allow the boat owner to hold all the money and then share it at the end of the week. To me that would make more sense.

There is a belief in fishing that once the catch is good today it is going to be better tomorrow, so the spending relates to tomorrow's catch which may never come, but if it

is pooled, totalled and shared at the end of the week, there would be a better feel for how that money is dished out.

I hope that the Honourable Members understand the point that is being made here. Because a man makes a \$1 000 today, it does not mean that he does not expect to make \$2 000 tomorrow, so he spends the \$1 000 today because he expects to get the \$2 000 tomorrow but by the end of the week he might not even see one red cent. If that money was pooled on a weekly basis the boat owner would be able to know what is his, what is grub money, what is fuel money and what belongs to the fishermen and then he would be able to take a percentage and pass it on to his fishermen.

Mr. SPEAKER: The Honourable Member has two minutes to conclude, please.

Mr. D. St. E. KELLMAN: I am saying, Sir, that there is a need not only to take this to the fishing industry but it can be spread across Barbados. We must stop looking down on people and start appreciating them for what they contribute. In Barbados we believe in specialisation. We want to specialise in everything and we want to look down on others but what must be measured in Barbados is the contribution of the person.

Once we start looking at it like that, then we would have an appreciation for people but we are now in a class and grouping age. We want to group and to class everybody and if somebody is not in the same grouping as us, those persons are not important.
2.20 p.m.

Mr. Speaker, the development of Barbados has to do with the contribution of capital, as well as with the contribution of the masses. We have to understand that development must be seen as development equals labour, plus capital. As long as we see it in that light, we will have an appreciation for all groupings and the development of Barbados would be sure.

I thank you, Mr. Speaker.

Mr. SPEAKER left the Chair and Mr. DEPUTY SPEAKER assumed the Chair.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, it is, indeed, a pleasure to participate in this debate. I believe it to be a very important one which provides a number of possible solutions to problems that are now being faced by many employers and employees in this country. Sir, any mechanism that can be put in place that will allow for our National Insurance arrears to be paid or structures that are to be put in place to ensure that they are paid, I will support.

However, even though I have said that, before I look at this National Insurance and Social Security (Amendment) Bill, 2004, in greater detail, I would want to ask the Honourable Minister responsible a number of questions with respect to the time period that is allocated for the payment of these arrears. I would want to ask the Minister if one is going to treat arrears that are \$10 000, \$10 million or \$15 million, in all the same way.

I would want to suggest that it might make sense to have some measure of flexibility in the system, some means test and analysis done, to determine whether an employer needs more than 36 months to effectively retire a debt. I would want to respectfully submit that this would be looked at, in the sense that all debts are obviously not going to be of the same dollar figure.

Mr. Deputy Speaker, I believe that the National Insurance or any social security system is a social and conscious contract and, therefore, is the responsibility of Government. It is a contract that fundamentally underpins the responsibility of Government to provide for its people, particularly to provide for its people who are not able to provide for themselves because of indigence, poverty, or other means.

Mr. Deputy Speaker, I believe that because of that, having a non-contributory old age pension is a contract that the Government has entered into with the people of Barbados, and necessarily so, because it is Government's responsibility. I also believe that it was because of the small non-contributory old age pension that it was that basis of trying to move people out of a retired poverty net that the Democratic Labour Party had seen it necessary to introduce an additional capacity, to have additional spending power when people retire, in the form of the National Insurance and Social Securities Act, 1966.

Mr. Deputy Speaker, however, since that time, there have been a number of challenges. These challenges to the National Insurance system have come about because of two fundamental sets of challenges, one which was introduced because of the natural resources of the country and by extension the demographic changes that would come along with that. Sir, there is another side to the National Insurance problems that are man-made, that were made by amendments that were not in the interest of the survivability of the fund.

Mr. Deputy Speaker, when I started to speak, I made the point that the social contract with the people is established with respect to the non-contributory pension. However, in 1982, it was the Barbados Labour Party's Administration who sought to separate or to discontinue the payment of both a non-contributory pension and a contributory pension and further sought to ensure that the non-contributory or old age pension that used to be paid

out of the Consolidated Fund was then made to be paid out of the Non-contributory Pension Fund. Sir those old people have contributed to that Consolidated Fund via their taxes. That contract was breached and that was the first fundamental attack on the Fund.

Mr. Deputy Speaker, when I reviewed this information in the Barbados Central Bank's Report over the last 22 years, I see that the average taken out of the National Insurance Contributory Fund to pay an old age pension is \$42 million per year. If one does a basic set of mathematics, that allows for over \$900 million in raw or absolute numbers.

Mr. Deputy Speaker, if that Fund had those monies to invest in a punitive manner over the past 22 years, it would not be in the state in which it is in today, and I do not think that could be disputed.

Mr. Deputy Speaker, I would want to make reference to a response from the Director of the National Insurance Department in regard to certain pronouncements made by Sir Douglas Lynch a few years ago. When similar questions were raised, the now Director of the National Insurance Department made the comments that of January 2000, Government was going to take over the payment of non-contributory pensions in Barbados. However, the contributions after that would have stayed in the fund, so as to allow its continued viability.

Sir, I hold these kinds of statements very deeply in my mind because they have significance. If that statement can be made, then am I to assume that the National Insurance Contributory Pension Fund is paying for the old age pension? Am I to assume that it is being replenished from some other fund that the National Insurance now manages? Am I to assume that it is coming from the Unemployment Fund or from some other fund, which would now properly explain why individuals cannot get their monies?

Sir, it is rather strange to me that such a statement would be made, which I will repeat, which is, January 2000 Government would have taken over the payment of the Non-contributory Pension Fund in Barbados.
2.30 p.m.

I want to ask a more significant question to men of conscience, Mr. Deputy Speaker. I want to ask honest Barbadians if they believe that a Barbadian who gets less than \$600 a month or an old age pensioner who gets \$374 a month can live on that amount in Barbados? We should not fool ourselves in this country.

Sir, I also want Honourable Members, as men of conscience, to tell me if an old man or woman can adequately suffice on \$374 monthly as a non-contributory pension. I also want to know if the contributory pension,

calculated now as 60 per cent of the maximum insurable earnings which would calculate to \$1 800 per month plus another pension of \$374, whether a person can live on that amount in Barbados today. Mr. Deputy Speaker, a person would have to pay for electricity, telephone, water, food and provide for children.

Mr. Deputy Speaker, I want to ask the Barbados Labour Party to stay true to their 1994 Manifesto pledge. I know Honourable Members will ask me to bring proof but in the Barbados Labour Party Manifesto of 1994, this Government said that there would be no taxes paid on pensions under \$3 000 yet we now have a double taxation system where old persons in Barbados have paid national insurance contributory out of their income even though they would have been taxed by paying PAYE and then the National Insurance Contributory Pension is taxed again.

Sir, that is wrong especially when I have explained that after getting two pensions each month a person cannot make ends meet because the system keeps old people in Barbados in perpetual poverty. I see poverty every day as I walk around Barbados as an individual who has spent all my time in geriatric medicine. I also see old people's homes falling on them because they cannot repair their houses. Sir, this comes from the fundamental economic premise that creates the social conditions of poverty. Honourable Members would not understand what I speak about because they are now living "fat off the hog". This is a reality we have to deal with because it starts from the economic base.

Sir, in my first debate in this Honourable House on salaries and emoluments in this country, I was appalled that this Honourable House found it conceivable to give a pensioner \$10 who retired in 1976 and \$40 to those who retired after 1976. Mr. Deputy Speaker, these are the realities that we have to face.

Mr. Deputy Speaker, I find it perplexing because I am aware of the demographic problems as it would necessarily impact on advisory parameters like the dependency ratio and the productive age cohort of 15 to 59 in Barbados. I am aware that the group we depend on for contribution is declining and also that our fertility rate is below what is required for population replenishment.

Sir, like the Leader of the Opposition, I cannot understand how you could allow for early retirement from a system that requires prolong contribution. Sir, it is paradoxical and does not make sense. If many Barbadians opted for early retirement at the age of 60 multiply that by five in terms of the number of contributions and it would represent a precipitous fall in the revenue of the National Insurance Fund.

Mr. Deputy Speaker, I am well aware of the chronic disease profile shift that has occurred in Barbados and no Barbadian can go to work systematically at the age of 70. Sir, nurses are not able to go to work at age 55 today so Government does not understand what needs to be done.

Sir, I will not confine this debate strictly to the narrow areas that Honourable Members would like me to go. Furthermore, I want to suggest that this also links to the so-called private pensions because if there is a plan in this country to eliminate old age non-contributory pensions, I advise that it should be aborted early because it will be fought.

Mr. Deputy Speaker, in 1996, prior to the by-elections in St. Michael North West, the Honourable Member for St. Peter lamented that he found out that there was poverty in Barbados because the World Bank Report demonstrated that close to 56 per cent of the population lived below the poverty line. This information was further corroborated by the Risk Survey in 1996 that demonstrated that 31 per cent of Barbadians earn less than \$600 per month, that 18 per cent earned between \$600 and \$1 000, that 4 per cent earned between \$2 000 and \$4 000, that 1 per cent earned between \$3 000 and \$4 000 and that 1 per cent earned over \$4 000. 2.40 p.m.

I want Honourable Members to tell me where is the liquidity to develop the so-called pension fund structure when most of the country is getting an income that they can barely survive on?

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, this is a serious matter that we are dealing with.

Sir, there are approximately 1,500 pensioners who are over 80 years old, out of the 8,000 who are in the system. Sir, these individuals would have been in the system for about 25 years and if there is any attempt, as I am hearing, to bring us in line with the international dictates that there will be a single government pension and then a private pension, these persons cannot qualify. Are we saying that these individuals are going to become wards of the State and the Minister of Social Transformation will have to provide funding through the Welfare Department? Is this what we are telling Barbadians in the 21st Century? Sir, this is unacceptable.

Mr. Deputy Speaker, the Welfare Department is already under a lot of pressure for the simple reason that they do not understand the difference between a welfare state and the applied socialist state. It is not about handouts. It is not about attempting to keep the elderly or pensioners indigent. It is not about keeping them at a level where they cannot

repair their homes or buy food and have to go to the Welfare Department for dentures, spectacles, wash stands, soap and to pay their utility bills. Sir, that is not what it is about but this Government believes so.

Sir, if you do not provide the appropriate pensions, and as I said, if in 1999 the Report showed that the poverty level was \$174.00 a week, \$684.00 a month, therefore, \$684.00 a month at that time would have been the base level and the pensioners got \$374.00 per month, Mr. Deputy Speaker, do you understand what I am trying to say?

Sir, this Administration has failed and failed miserably with respect to dealing with the social implications of a subsistence pension to old people in this country and they now want to compromise further in the place of so-called plenty.

Mr. Deputy Speaker, what happened to the \$900 million in back money that was collected in the first year and the \$300 million every year after that? This is what politics is about for me. I am not here to get into any small talk.

Sir, I want to say that a pension in Barbados for an older person is an obligation and a pension should be one that allows for an individual not to be welfare oriented in their thinking. It should be one that allows for that individual to provide the basics of survival. It should be one that allows for that person to feel independent and to have a measure of dignity but that is not what we have now.

I can attest to that because of my years of geriatric medicine in Barbados. I can attest to it otherwise we would not have a Ministry of Social Transformation in Barbados that is building homes for old people and the Honourable Member for St. Michael South East knows what I am saying is true because he sees it every day.

Sir, the admission parameters into the geriatric hospital system is predicated primarily on social problems, not medical problems. More than 90 per cent of the admissions are on social criteria that is low housing, no food and nobody to take care of them at home. This is what this debate, with respect to pensions, is about for me and I would say for the members of the Democratic Labour Party.

Mr. Deputy Speaker, I have one last point to make. The Honourable Member for St. James North spoke to the \$92 million in debt that we may not be able to recover and he indicated that we may not be able to recover this debt because many of the businesses may have been retired, persons may have died and he gave a number of reasons for this.

I want the Honourable Member to tell the people of Barbados how the National Insurance is going to recover the funds that were put into the Warrens' Project that is now being finished by the Chinese. I want them to tell the people of Barbados how they are going to recover the money invested in GEMS, when a room, based on indications, has been produced at about \$400,000 a room. When will a profit be made in Barbados? Sir, you are not going to take the taxpayers' money, pay off the debt and then say that we are making a profit. Who do they think they are fooling? Sir, they are not fooling me.

Sir, what about the other monies that were put in Needhams Point and the Airport? When are these returns going to be realised to allow for the fund to truly reflect a position of solvency or insolvency? I can do the mathematics as well. Anybody who understands what is happening to this fund would realise that it is technically insolvent. Do not mind all the masquerading when you add in all the elements. I also read the reports on liabilities and such things and I can see through all of those things.

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, I am not here to make friends with anybody on the Other Side. My friendship is with the people of Barbados and St. Philip West. Sir, you can rest assured that the people of St. Philip West understand that I am going to fight for them every day and they would understand a man like me and how passionately I deal with my politics. I do not mind the Honourable Members on the Other Side.

Sir, this also tells me that there is need for effective public sector reform if we have a system where we are telling a man that works at, for example, the National Conservation Commission, for \$250.00 a week and has about six or seven children but the system has him so locked within a 40-week structure that he cannot move. Sir, we have him locked into a perpetual poverty situation at a stage where the cost of living is increasing. Yet, you tell him that given the conditionalities, he cannot go and get a second or a third job to take care of himself and his family.
2.50 p.m.

The public service therefore is too restricted. It needs to allow flexibility for individuals to be able to earn more money by additional work capacity, and to be able to use that money for investment purposes and also for pensions in the future. Therefore, it needs to be changed as a matter of urgency.

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

Dr. D. C. ESTWICK: Sir, all of these adjustments, unless they are put in the broader context of public sector reform, as they are put in that context, you can rest assured the system will fail. It will fail because the National Insurance will not be able to reverse the rapid rate of the declining 50 to 59 age group, unless they bring in non-nationals to work. It is not going to happen demographically.

Sir, I understand rates of change. I know the differential and I caution this Government, as I have cautioned them before, the strategy sounds or appears to be wise, but it is fundamentally dangerous because it affects rapid social change which brings fear. Wherever there is fear, it leads to despair, anguish and problems. That is my final caution to this Administration.

Mr. Deputy Speaker, I thank you very much.

Mr. DEPUTY SPEAKER: The Honourable Member for St. James North.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, to the extent that I do not see any indication of interest by any other Honourable Member to take part in this interesting debate, I rise to wind up.

Mr. Deputy Speaker, I want to start by saying that there can be no doubt that the reserves, assets and total finances under the control of our National Insurance Scheme (NIS), are buoyant and healthy. In that way and to that degree, there is no question of the NIS and of Barbados suffering from a shortage of finance. There is no hint or clue of any real problem of cash flow with the NIS. Where people have not been getting their money promptly, it is because that in the first days, problems with our databases that required diligent checks which slowed down the process.

The problems also require, Mr. Deputy Speaker, that a proper internal audit be done of a number of the programmes within the NIS. Sir, within the NIS, there are long-term benefits like invalidity, disability, survivors and contributory pensions. Then, there are what we call short-term benefits, such as ordinary sickness benefit, maternity grant, maternity leave and the funeral grant.

Mr. Deputy Speaker, I want to say that in the context of the short-term benefits, those will be financed out of short-term inflows of contributions, while the longer term benefits will be financed out of total reserves, many of them boosted by returns on investments of the Scheme.

Mr. Deputy Speaker, I also want to say that this Barbados Labour Party Government has never once

contemplated the abolition of non-contributory pensions. I want to make that point patently and transparently clear. This Barbados Labour Party Administration has never once even discussed or held a caucus on the question of the abolition of a non-contributory pension.

What this Government did, in respect of the non-contributory pension was that when this Government realised that there were hundreds of Barbadians well positioned to pay NIS contributions who refused, in circumstances where these Barbadians generated their own income, we actually passed a regulation that if you earned income during your working life and do not pay NIS, then you can never qualify for non-contributory pension.

Some people cry hardship but if it is true that we have to increase our public education awareness and programme to get that message across, we are going to have to do it. If any working person works in Barbados during his or her working life, and refuses to pay NIS contributions and then reaches retirement age, that person cannot get a non-contributory pension.

The Non-contributory Pension, Mr. Deputy Speaker, is what people call ordinary Old Age Pension for people who get something from the State, not having worked. The Contributory Pension is what NIS pays to pensioners who have made a contribution over time.

Mr. Deputy Speaker, there were instances where Honourable Members raised particular points. I will try my best to be brief. The Honourable Member for St. Lucy has been consistent in conceptualising and defining. He did not originate the concept but always mentions this question of revenue expenditure. Today, he went further and talked about capital expenditure. If there is one Honourable Member who would understand it is me.

Asides.

Hon. R. C. EASTMOND: Sir, what he means clearly is that short-term monies raised to finance spending, differ from money raised a long term to finance proper projects and activities. This is where NIS really has to be properly studied. I refer Honourable Members, Mr. Deputy Speaker, to Section 30 of Chapter 47. It is a long section but it is entitled, "Finance, Administration and Legal Proceedings". Among some of the things it does, are in Section 30, subsection 5, which explains that any monies forming part of the Fund may be invested, capital investment by the Board in such a manner and in such securities, as the Minister responsible for Finance may direct.

There is one of the provisions of Section 30, subsection 5, which the Honourable Member of Finance in 1970 introduced as an amendment to Section 30. Otherwise

Section 30 sets out the process by which NIS money is raised, invested and protected. That is Section 30 or Chapter 47.

What we are here doing today, Mr. Deputy Speaker, is taking out the existing Section 18A, and if you give me enough elbow room, let me just cite the existing Section 18A of Chapter 47, and then I will quickly, for the benefit of Honourable Members, talk about the new Section (A) which is coming in, in place of what is to be taken out.

Where the Minister of Finance is satisfied that a person engaged in business should be granted the concessions set out in subsection (2), the Minister may identify the person by Order. A person identified by Order made under subsection (1), shall, as of 30th April 1995, stop accruing interest and penalties in amounts outstanding and payable as contributions and (2) subject to a two-year grace period on arrears inclusive of interest and penalties and pay all outstanding arrears on contributions within seven years, commencing on 30th April, 1997.

A person that benefits from this concession shall continue to benefit from this concession, provided that as from 1st May, 1995, the person keeps all payments current.

Mr. Deputy Speaker, that was a legislative attempt to give people who were in arrears to the National Insurance Board a programme by which they could go and make payments.
3.00 p.m.

Mr. Deputy Speaker, Honourable Members on the Other Side asked what were these certain conditions that are referred to in the Explanatory Note under the Objects and Reasons of the Act.

Sir, the first condition that must be met to be able to conform or comply with the new amended 18(a) is that a person must be in arrears at the end of March, 2002.

The second condition is that the person must go to the National Insurance Department and enter an arrangement which spans 36 months.

The third condition is that the National Insurance Board will bring the debtor up-to-date as to his full obligations and thereafter the arrangement can be set with an obligation on the part of the debtor to set about paying the principal first and thereafter the interest and the penalty on the interest if there is such a penalty on the interest. What is not here being contemplated is the paying of interest on interest due to the Fund.

Mr. Deputy Speaker, one has to see the National Insurance Scheme as very much quasi-governmental and being in the same state as the Crown. Everybody knows that time does not run against the Crown. If you owe the Crown money and 50 years pass, you still owe the Crown the money. If you are charged with a criminal offence or are suspected to have committed a criminal offence and 50 years passed and you get caught after 50 years, since time does not run against the Crown, you can still be brought up and charged.

Mr. Deputy Speaker, in a situation where the original Act calculated that persons should not be given a limited time in which to pay but should be liable to pay whenever you make them pay, or you could not find them to pay, then what really happened initially was that it was put out to the public that you should really pay your National Insurance contribution by the 15th of the month following your payment, so all current National Insurance payments are payable by the 15th of the month following payment.

Sir, what has happened is that we have in excess of \$130 million accumulated in debt. I said earlier that realistically we cannot recover \$92 million or thereabout, but wherever money is due and owing we go after it because the idea is that the last dollar or the last \$5 that is added to the National Insurance Scheme helps the National Insurance Scheme somewhat to maintain its solvency. Sir, there is no question of the National Insurance Scheme being under such dire financial pressure that we are "scrunting" around for money. People who owe the National Insurance Scheme must pay.

Mr. Deputy Speaker, I like it when the Honourable Member for St. Philip West mentioned the notion of a social contract between those who benefit from the National Insurance Scheme and the Government. That question of social contract will definitely guide this Government in its further dealing in the scheme.

Mr. Deputy Speaker, this thing called non-contributory pension is paid through the National Insurance Scheme but it is really paid by the Consolidated Fund. When the National Insurance Scheme takes up its money and pays non-contributory pensions eventually the Consolidated Fund reimburses the National Insurance Scheme.

Mr. Deputy Speaker, section 35 is crystal clear as to which entity at the governmental level is responsible for investment. Mr. Deputy Speaker, when a person is contemplating an investment, on the date of contemplation of going into the investment that person is imbued with a sense of optimism hoping that the investment would bring returns, yet the person is very entrepreneurial and entrepreneurship used to be said in French as something of a gamble. If a man called "A" is going to invest today, "A"

cannot tell you for sure what the return will be. He might want to undertake an arrangement by which he totally has a guaranteed 5, 10 or 15 per cent but then the investment might not work to earn the 5, 10 or 15 per cent.

Mr. Deputy Speaker, I have no evidence that any so-called speculative investments undertaken by the National Insurance Scheme have so worked as to undermine the Scheme. Having heard certain things in the community, the National Insurance Board has in recent times been investing more conservatively. The most recent investments from the National Insurance Board have been rather conservative. In recent times, the National Insurance Board started to invest more in real estate. There are Honourable Members here who would tell you that real estate in Barbados tends to be relatively safe as an investment.

The newest real estate available to us can be seen at the top of Collymore Rock. It is going to be called the Humphrey Walcott Building. In the interest of expediting systems we will move the unemployment desk which we have at Verona House in there and have it close by the central thing.

I am very, very sorry, Mr. Deputy Speaker, that the unemployment benefits are not being paid promptly, but as indicated earlier we did an audit.

Mr. Deputy Speaker, I am also a little bit disappointed that more Honourable Members did not avail themselves of the opportunity to take part in this debate. I was willing to wait until 7 o'clock or 8 o'clock tonight but I looked around and saw that no one was willing to jump up.

However, Mr. Deputy Speaker, our relatively short debate has been informed by evidence of creative thinking on Both Sides. The Honourable Member for St. George North spoke very well. The Honourable Member for St. Michael North West asked some very probing questions in respect of the Labour Department and the Canadian Farm Labour Scheme which I shall do my best to get to the bottom of. He raised one or two points pertinent to the degree that when a man works overtime he should be paid at the same rate as standard time and other matters to do with taxation and National Insurance which are by no means irrelevant.

Mr. Deputy Speaker, as I wind up, I want to thank all Honourable Members who took part in this debate and beg to move that this Bill be read a second time.

Hon. R. R. FARLEY: I beg to second that.

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

APPOINTMENT OF TEMPORARY
CHAIRMAN OF COMMITTEES

On the motion of Hon. R. C. EASTMOND, seconded by Hon. R. R. FARLEY, Dr. W. F. DUGUID was appointed temporary Chairman of Committees.

On the motion of Hon. R. C. EASTMOND, seconded by Hon. R. R. FARLEY, the House resolved itself into Committee of Supply, Dr. W. F. DUGUID in the Chair.
3.10 p.m.

COMMITTEE

Clauses 1 – 2 were called and passed.

On the separate motions of Hon. R. C. EASTMOND, seconded by Hon. R. R. FARLEY, Mr. CHAIRMAN reported to His HONOUR Mr. DEPUTY SPEAKER, the passing of one Bill in Committee and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. C. EASTMOND, seconded by Hon. R. R. FARLEY, the Bill was read a third time and passed and cited as the National Insurance and Social Security (Amendment) Act, 2004.

ADJOURNMENT

Hon. Miss M. A. MOTTLEY: Mr. Deputy Speaker, this brings us to the end of Government's Business for today's Sitting.

I beg to move that this House be now adjourned until Tuesday, July 27, 2004, at 10.00 a.m.

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

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

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