

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1999 - 2004

HOUSE OF ASSEMBLY

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HOUSE OF ASSEMBLY Pursuant to the adjournment, the House of Assembly met at 10:20 a.m.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed., G.C.M. (Speaker) His Honour J. M. EDGHILL, J.P. (Deputy Speaker) Rt. Hon. O. S. ARTHUR, M.Sc.(Econ.), (Prime Minister, Minister of Finance and Economic Affairs) (Minister of the Civil Service) Dame Billie MILLER, D.A. (Minister of Foreign Affairs and Foreign Trade) Hon. Miss M. A. MOTTLEY, Q.C., LL.B (Deputy Prime Minister, Attorney General and Minister of Home Affairs, (Leader of the House) Mr. L. R. TULL, Q.C., M.A. (Oxon.) Mr. G. W. PAYNE Hon. R. C. EASTMOND, B.A.(Hons.), Dip. Ed., LL.B.(Hons.), L.E.C., J.P. (Minister of Labour and Social Security) Hon. R. R. FARLEY, B.Sc., J.P. (Minister of Education, Youth Affairs and Sports) Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Public Works and Transport) Hon. R. D. MARSHALL (Chairman of Committees) Hon. H. F. LASHLEY (Minister of Social Transformation) Mr. R. St.C. TOPPIN, LL.B.(Hons.) Mr. D.J.H. THOMPSON, LL.B.(Hons.) Mr. D. St.E. KELLMAN Hon. Miss H. E. THOMPSON, LL.B. (Minister of Housing, Lands and the Environment) 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. A. P. Wood, B.Sc, M.Sc., M.Phil., J.P. (Minister of Energy and Public Utilities) 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) Hon. K. D. SYMMONDS, B.A., LL.B. (Minister of State, Ministry of Foreign Affairs and Foreign Trade) Hon. N. A. LYNCH, B.Sc. (Parliamentary Secretary to the Attorney General and Minister of Home Affairs) Mr. C. A. MASCOLL, B.Sc.(Econ.)(Hons.), M.A. (Public Finance) (Leader of the Opposition) Mr. R. D. JONES, B.A.(Hons.), M.A.(Ed.), J.P. Dr. D. C. ESTWICK, B.Sc., M.B., B.S. Hon. D. D. MARSHALL, LL.B. (Hons.) L.E.C., (Minister of Industry and International Business) Mr. M. A. LASHLEY, LL.B.(Hons.) 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 led by Reverend Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

ORDER NO. 11 -

THE APPROPRIATION BILL, 2004

Rt. Hon. O.S. ARTHUR: Mr. Speaker, in compliance with Sections 108 and 109 of the Constitution of Barbados, I rise to present the budget of the Government of Barbados, a budget that embodies in a narrow sense Government's fiscal policy but in a broader sense is intended to facilitate the carrying out of a programme of development that the Government believes is relevant to the purposes of this nation at this juncture and for the immediate future.

Sir, I am conscious as I speak to the House that this will be the first budget considered by this Parliament during this present term. I would have already, on other occasions, delivered myself of the remarks that this Parliament will have to preside over greater economic and social change than any other previous Parliament in living memory.

Monday, March 15, 2004

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

Sir, one area where great and monumental change will be required of this Parliament will be in relation to the management of the reform of our fiscal policy both in relation to process as well as in relation to substance. I, therefore, would wish to grasp this opportunity to set what I hope would be the framework for this debate by providing the Honourable House with a perspective on what I regard as the required reform over which Parliament must preside, the reform of fiscal policy and fiscal practice in this land both in relation to process as well as in relation to substance and practice.

Mr. Speaker, I begin with a perspective of the process. Regrettably, although many things have changed for the better in our nation, we have had over the course of the last 40 years the same process of a public sector accounting and budgeting in existence to the point where it might well be accurate to speak in terms of a process of fiscal fossilisation. I would like to revert to one of the aspects of this.

Sir, we still, in this country, follow a process of cash accounting and cash budgeting although there are better systems of cash accounting and cash budgeting in many other jurisdictions and companies all over the world. I would speak of the implication of what this leads to and to what we have to do.

Sir, we who managed this country have presented one-year Budgets and anybody who has to manage or plan their own financial affairs could believe that a one-year approach to financial planning and budgeting is an appropriate approach. There are many countries that have moved to multi-year budgeting with salutary effects and we need to discuss this.

Thirdly, the process of budgeting that we have perpetuated focuses only on Government's revenues and expenditure. Other major financial transactions and other financial circumstances on which Government, central government and its agencies are involved, are not a serious part and parcel of the process of budgeting. Sir, the process is also very highly centralised with dire implications for nimbleness and flexibility in the execution of policy and it focuses heavily on the central government's activities, although you would appreciate the State, in a modern dimension in Barbados, is no longer only about central government activities. It is about the growth of the State to encompass a large

number of other agencies and we need to pay a lot of attention to the financial practices of the modern state as we do the central government. I make that distinction between the modern state and the central government.

Mr. Speaker, there are those in-built deficiencies, one-year budgeting, cash accounting, that focus only on revenue and expenditure and all assets and liabilities of Government are never the subject of serious discussion. The Government's transactions that deal with these things are not highly centralised.

Mr. Speaker, Barbados has inherited a process of budgeting that is not known in any other part of the world. We have a process that is neither fish, fowl nor a good red herring and it goes back to 1962. The Estimates of Expenditure are really the Government's Budget. The Honourable House will recall that in 1962 flushed from the election victory, the then Minister of Finance did something that has had a profound and negative influence on budgeting in this country. He said that the Estimates of Revenue and Expenditure are but a conglomeration of statistics and that they are not real budgets. Sir, the real Budgetary Proposals were really his way of raising funds by imposing taxes on rum, cigarettes, snuff and a range of other items to pay for the social reforms which were vital and necessary.

Mr. Speaker, as a consequence, we have a kind of twin approach to budgeting. These Estimates, which are the real Budget, and something called Budgetary Proposals, have been used by the Ministry of Finance, if needed, to close budgetary gaps but in the popular mind have come to be regarded as the Budget Debate. There has been a great consequence that this House has come to pay less and less attention to this exercise and the public's imagination has been taken up with their focus on the so-called presentation of Budgetary Proposals which need not be brought by the Ministry of Finance if there is a deficit and for which there is no lawful authority in Barbados whatsoever.

Sir, there have been consequences. In other jurisdictions, the Parliament pays more attention to Government's spending and revenue collection as expressed in the Estimates of Revenue and Expenditure than we do in Barbados. In other jurisdictions, even in the Caribbean, this exercise is treated as the central exercise and Parliament devotes at least a month and I think that we should spend at least a month on these Estimates and that the Estimates are dealt with in great detail and ministries are required to come before Parliament and justify the expenditures in a serious way.

Sir, there are Houses that have Ways and Means Committees where the Estimates are presented and the House exercises serious scrutiny on what is proposed as expenditure and delves deeply into the propriety of expenditure and the expression of priorities as expressed in terms of expenditure. Sir, sadly this does not happen in this Honourable House.

Indeed, the Ministry of Finance is more scrupulous in treating to matters pertaining to these Estimates of Revenue and Expenditure than Parliament. Sir, the exercise started since September 2003 when we defined fiscal policy and issued limits. The Ministry of Finance, through its Estimates meetings, does essentially what this Honourable House should be doing.

Sir, if it is the intention, as the Constitution intends, and it is good for public policy, to have this Parliament and any Parliament vested with powers of prior authorisation, if it is the intention to have through this Parliament the exercise of effective control over a public sector financial policy and planning, if it is the intention to have parliamentary control over the process of budgeting, then what we

now have in place in Barbados, in my judgement, is outmoded, archaic, ineffective but it is an exercise of meaninglessness where fiscal policy is concerned.

Sir, the period over which this Honourable House peruses these Estimates and evaluates them is simply too short. The Ministry of Finance, through technology, can have the Estimates ready by the end of January and the Estimates should be in this Parliament by March 15th and I think that we should change the Standing Orders of this Honourable House to give ourselves a month to look at these Estimates. The Honourable Members of Parliament could have an opportunity to meet with ministers to discuss how they would affect the broader economic policies for social development in their constituencies.

H25:Sequence 3

10:30 a.m.

Monday, March 15, 2004

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

Mr. Speaker, the House really must take these things seriously. I cannot control Parliament. The Management Commission of Parliament should change the Standing Orders of the House in relation to the rules governing the Estimates debate, to give us a chance to deal with this, as a serious issue. The period is too short. The Ministry of Finance spends a full month evaluating the Estimates after our Officers have had three months to appraise them.

Sir, there is no full appraisal of the Estimates. In fact, in my experience in Parliament of more than 20 years, there is only one year in which all the Heads have never been dealt with. So, most of the Government's expenditure is never brought under serious scrutiny. There is no serious appraisal in Committee. I am not commenting negatively on contributions but the exercising Committee is just a repetition of Second Reading speeches, rather than serious evaluation of financial policy and spending.

Sir, more to the point, there are better ways of budgeting, by which you could have a fuller public accounting. There are proven alternative systems for budgeting, public sector accounting and financial planning that are known. They have been established in other jurisdictions and they can be now used in Barbados.

In my judgment, if they are used in Barbados, they would lead to improved transparency, more effective fiscal policy and higher levels of accountability in the management and execution of Government's financial affairs. I think this would impose on all of us the higher fiscal discipline which our circumstances require. Therefore, the need for reform of our process is palpable, and Parliament must oversee the reform of its own processes to allow us to have deeper participation by the House in all aspects of fiscal policy.

Mr. Speaker, the Ministry of Finance has begun the exercise to start the reform of the process of budgeting, on public sector accounting in Barbados. The Government is committed to a programme of improved financial management, and has embarked on a project aimed essentially at a conversion of

our accounting system from a cash to an accrual system, with all that is involved.

Mr. Speaker, let me just say this in context. In 1996, the Government of Barbados embarked on a programme of public sector reform, focussing on the reform of its financial system, to its tax administration and expenditure management programme. This programme has focussed largely on the reform of the tax system, and the systems employed at the Treasury, with only a small component of the Budgetary system being addressed.

All members are now familiar with the Smart Stream technology that has been introduced to bring a new form of management to Government's payroll and personnel management systems. The process of tax administration and public expenditure management that was established in 1996, has now been stabilised and the systems are functioning efficiently. Sir, the Government now wants to use that as a platform on which we introduce an accrual-based accounting and budgeting in the public sector.

Mr. Speaker, I would have said earlier that one of the principal defects in our public accounting and budgeting is that it is done on a cash basis. What do I mean by that? The Government's books recognise revenues when they are received and not when they are due, so you have an accumulation of arrears and whatever else. Sir, expenditures are recorded not when they are incurred but when they are paid, and that is the cash basis.

Therefore, an expense is not recorded until a disbursement of cash has been made, even though considerable work can be done. Considerable commitments can be assumed by the Government, and this House although it prides itself on having the power of prior authorisation, if a cash accounting system is used, has never really had full or accurate account of the Government's real financial commitments.

Mr. Speaker, we have to move away from that and, as I said, the Ministry of Finance has already sent a team of officials from the Government, with the assistance of CARTAC to Canada, where a similar process of accrual, rather than cash accounting is in vogue.

May I say, Mr. Speaker, that in jurisdictions such as New Zealand, Canada, and the United States of America, there has been a move away from the cash accounting approach to public finances, to the accrual accounting. In fact, in Canada in the year 2002, they went fully accrual.

Mr. Speaker, over the course of the next three to five years, we expect to introduce reforms at the centre of which we will move towards, as I said, accrual accounting and budgeting. This will introduce many important ways in which the business of Cabinet and the business of Parliament are conducted.

First of all, Mr. Speaker, as I said, the public accounts will change in the methods of recognising revenue and expenditure on the Government's books; recognising revenue when it falls due and not when it is received; and expenditures when they are incurred as opposed to when they are paid. That is accrual accounting. We also have accrual budgeting which will accrue projection of Government's liabilities and when they will be financed.

The Government also proposes to introduce multi year budgeting. We already have aspects of our expenditures which are set for us on a multi-year basis. For example, the Government's Wage Bill two

years from now has already been determined by the wage increases set this year so that we can accurately project the Government's payroll expenditure over the course of the next two years.

Sir, as it is with a sensible household, as it is with a sensible enterprise, so it must be with the Government. Nobody who is interested in serious financial planning will have only a one-year financial plan. You must be able to project your financial affairs into the future, in the context of reasonable assumptions about your present income, and growth of your income. There must also be certain triggers built into your financial plans, so that if you project X and Y happens, then the consequences are Z. There are many countries, and the best countries that are involved in financial management, Sir, have already moved to multi-year budgeting, where the Governments' budgets are set out over a period of years. There are triggers built into the budgets so that if the growth is not realised, the consequences are other than would have been originally intended.

Sir, in Barbados, we really need to move to multi- year budgeting because, increasingly, our payroll, most of Government's capital expenditures have multi-year dimensions determined in advance and we have to plan better for them.

One aspect, for example, Mr. Speaker, is in relation to capital projects that are intended to be executed over a number of years, when there is known financing. We can just as well make provision for them, and bring them to account by a process of multi-year budgeting, rather than what we are doing now, seeing our financial plans, only one year at a time.

Mr. Speaker, more important, we also need to reform the Government's procurement systems. One of the important reforms that must be introduced in Barbados, must entail a review of the function and organisation of the Central Purchasing Department.

House 25, sequence 4,

10:39 a.m.

Monday, March 15, 2004

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

This will be required not only to bring better order to our financial affairs but to change Government's procurement for the better as governments' procurements are now disciplines that are under discussion with the Free Trade Area of the Americas, the World Trade Organisation and the Caribbean Single Market and Economy. Mr. Speaker, it is my judgment that the introduction of accrual and the move towards accrual accounting and budgeting over the course of the next three to five years will result in the expansion and the making of a more complex Estimates process which will allow for greater participation by Parliament, and in my judgment, for Government's accounts being more reflective of the real situation, thus giving a more accurate representation of the Government's financial activities over a period of time which will allow for greater transparency and accountability, because what we will be doing is showing fully at every stage the commitments Government has incurred rather than what the Government has spent.

Mr. Speaker, Sir, it will also require substantial training at all levels of Government. I especially believe that it will require detailed refocusing of the nature of the Audit Department and important changes to the legislation in relation to audit in this country. You would appreciate, Mr. Speaker, that if we are moving away from just recording expenditures and cash revenues and moving to what has accrued, then the nature of auditing in Barbados will change.

Mr. Speaker - I know this is music to the ears of the Honourable Member for St. Lucy who has been calling for this now, and I will give him the credit this morning - I believe that this Parliament has over the course of the next few years to really take this system which has been in place for 40 years and modernise it to bring it in line with best practice in both the public sector worldwide and in relation to what obtains in the private sector.

Sir, I said at the very outset that this House will have to preside over reforms of the budgetary exercise in relation to process, but more importantly we will also have to preside over fundamental changes in fiscal policy. As a result, therefore, perhaps the most important exercise expected of this Parliament over the course of the next few years will be to oversee the substantive change in the nature of our fiscal policy. I say that, Mr. Speaker, because this country in relation to its overall development is approaching an important watershed. I believe that the year 2004 will come along to be remembered as a watershed year in this country and we will do well as a House to understand the way in which this watershed juncture will require changes in our fiscal policy.

Sir, fiscal policy, namely the use of Government's expenditure, its incentive and taxation policies, has arguably over the course of the last 50 years been the most impactful of all policies available to the Government of Barbados in inducing economic development and social engineering. It is beyond dispute that fiscal policy in the sense in which I described it, the use of expenditure and taxation incentives, has contributed massively to the human development index and the quality of life that Barbados now enjoys which is so for a number of reasons.

Sir, we have by deliberate policy preempted the use of exchange rate policy as a tool for management in this country. We have stuck to a fixed exchange rate policy for almost 28 years. Monetary policies are of very limited use because of the underdevelopment of our money and capital markets. The real impact of Government's policy in this country has been exercised largely through taxation incentives and expenditures.

In strict economic terms, Mr. Speaker, the impact of Government's fiscal policy has been extraordinary. Almost all of our economic growth and our modernisation and diversification in Barbados have been induced by the use of fiscal policy. There is hardly any economic sector, whether it is tourism, agriculture, manufacturing, the small business sector or the international business sector, which does not today owe its existence in this country to deliberate deployment of incentives in favour of the sector. The use of incentives over different phases in our development has been instrumental in carrying out the transformation from sugar into manufacturing and light tourism and then subsequently into services.

Mr. Speaker, Sir, fiscal policy in this country has rightly been used as the principal form of economic affirmative action. We have used fiscal policy in support of small business development through the Small Business Development Act. Public sector policy on the expenditure side has been instrumental

as well in the building of a very strong infrastructure and the provision of public goods without which we would not have a modern economy.

Even today, Mr. Speaker, the Government of Barbados performs an important financial intermediation role in providing development finance to the respective sectors of the economy, a development which is remarkable if only because we have a situation where the financial system is flushed and we now have this situation of rampant excess liquidity, but the tendency of the private financial systems in Barbados is to treat non-traditional enterprises as being too risky.

Mr. Speaker, for over 50 years the governments of Barbados have had to perform, through fiscal policy, a financial intermediation role to provide development financing to entities that would otherwise not be serviced by the financial system. It has been an important and impressive use of fiscal policy. In the past it used to be expressed through the work of the Barbados Development Bank, but it is now being increasingly expressed through the large number of new fiscal financial intermediation funds that this Government has had to create such as the Agricultural Development Trust, the Industrial Investment and Employment Fund, the Innovation Fund, the Small Hotels Fund and the Tourism Development Fund.

Mr. Speaker, we have had to do these because the private sector financial system does not like to take risk and unless the Government intervenes and plays that fundamental intermediation role we will not have economic transformation in Barbados.

Mr. Speaker, Sir, fiscal policy in this country has also been used as part and parcel of what I call the performance of an entrepreneurial role by the State. I would like to speak about that a little because it is very much misunderstood in this country. At the Summit of the Americas I spoke for a few minutes on behalf of Barbados on the theme of "Growth with Equity". I made the point that there had been growth and equity in Barbados to the point where Barbados' quality of life and our human development index are exceeded by only two countries in the Western Hemisphere, but sometimes we do not give ourselves enough credit for it. There are only two countries in the Western Hemisphere that have a higher standard of life than ours, the United States of America and Canada. That is the truth. There is no developing country that has a higher human development index than Barbados.

Mr. Speaker, our growth with equity has been made possible by four processes: sustained investment over an extended period in the social capital and the human development as the core process of the State; by our reliance upon open rather than closed economic and social systems - and all of us in this House are in many respects the product of open rather than closed systems - by the creation of an appropriate enterprise culture and above all by the willingness of governments to play an entrepreneurial role in the economy.

House 25 Sequence 5

10:50 a.m.

Tuesday, March 15, 2004

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

Mr. Speaker, we are now living in a globalisation age where people seem to believe that the State must retreat and that it has become too large. In my judgment, it is not whether the State is large or small but whether it is entrepreneurial, whether it is prepared to take reasonable, social and economic risks to create new opportunities and to broaden that scope of opportunities. Sir, very often in small societies the State has to take the risk that the private sector is unwilling to take but which must be taken if the country is to develop.

Mr. Speaker, the entrepreneurial role of the State of Barbados is reflected in the fact that most of the major things that have happened in this country would not have happened unless the State had been involved. Sir, Government has been involved in projects such as the building of the new Barbados Hilton, the Almond Beach hotels, et cetera, because the private sector tends to believe that the risks are too high.

Mr. Speaker, the State has been entrepreneurial in how it has had to relate to various sectors as well. There is absolutely no question in my judgment that unless the State is entrepreneurial now as regards to carrying the risk of agriculture, agriculture will fail. We must not believe that everything should be left to the market. There would have been no Small Business sector in this country if the State were not prepared to have joined the Small Business sector in taking risks and in helping it to neutralise those risks.

Mr. Speaker, fiscal policies in this country have been used as part of an entrepreneurial approach by Government to make sure that development proceeds without being constrained by the operation of market forces, and it has helped to make Barbados a good place to live. It has helped to expand many of our production boundaries beyond what the private sector would have agreed to be those production boundaries. There would never have been, for example, a cement plant being built in Barbados unless the State had decided that a cement plant had to be built, even though we had the limestone and the clay.

Sir, I believe in an entrepreneurial State. It must be able to expand opportunities in the country by being able to take reasonable risks if there is the potential for realising high rates of returns from those reasonable risks.

Mr. Speaker, we now face more challenging times in relation to the extent to which fiscal policy can be used as it has been used for economic transformation over the course of the last 50 years. Sir, that is what makes this period a watershed period. Whereas in the past, the State was able to support the encouragement of the modernisation and the diversification of the Barbados economy by the use of incentives, all of the incentives that we have been granting to our industry have been challenged by the World Trade Organisation (WTO) and are subject to World Trade Organisation review in the year 2007. This is a staggering thought, Mr. Speaker, at a time when many Municipal and State Governments in the developed countries of the world are granting both tax and expenditure incentives to their enterprises, beyond those which we could ever contemplate.

Mr. Speaker, we now live in a world where the nature of incentives and subsidies that have been at the disposal of Government for over 50 years, are now subject to challenge in a rules-based, international organisation and in the year 2007, there will be a review.

Mr. Speaker, we are very familiar with the fact that many of the incentives that we have used to stimulate the development and the modernisation of the economy have been under challenge from entities such as the OECD. Therefore, we must not believe that to some extent, though we have won that first round in the war, that we are not going to have considerable challenges going on into the future, as concerns arise about outsourcing of United States of America jobs and about the developed world coming to dominate the thinking of the more protectionist industrialised world.

We would be seeing it in different guises and the capacity for countries such as Barbados to modernise and to diversify the economy as we had sought to do in the late 1980s and early 1990s by the exporting of services, will become a more difficult act as countries seek to claw back on shore by the most draconian measures, that which we have sought to attract historically. Sir, one only needs to listen to Lou Dobbs and the running commentary in which he engages every evening, about the outsourcing of United States of America jobs and capital.

We ought to understand that it is a threat. Countries in the rest of the world are experiencing growth with joblessness and the rules of competition are that if someone is more competitive, then that person should be able to enjoy the fruits of the competition. That is not going to be allowed to be obtained. Now that the shoe is on the other foot, there is a great threat to economies such as ours by this highly protectionist attitude on the part of the developed world. Therefore, Parliament must understand that it will imperil our reliance on some of the techniques of fiscal policies that we have used historically to develop industries in this country.

Mr. Speaker, I need not point out that accelerated trade liberalisation will have a considerable impact on fiscal policies in this country. Sir, this year is a watershed year for Barbados and we have accelerated trade liberalisation. This year is a watershed year because in this year, three programmes of trade liberalisation that will affect the exercise of fiscal policies in this country will have to be negotiated, either fully or in large measures. They are the Caribbean Single Market and Economy, the Free Trade Area of the Americas - and there is no possibility of opting out. There will be a Free Trade Area of the Americas in some form - and there is the process of starting a new relationship with Europe that will affect Government's revenues and its scope for the exercise of fiscal policy, which has already started.

Mr. Speaker, I feel that whatever else is done in Parliament during this week, that we have a full debate on trade. I cannot direct the affairs of Parliament but I do hope that one of the first Heads that are called would be that of Trade.

Asides.

The Rt. Hon. O. S. ARTHUR: Mr. Speaker, would you protect me from that squeaky voice.

Mr. SPEAKER: Please.

The Rt. Hon. O. S. ARTHUR: Sir, he is telling me to mind his brain. His brain is commonly known as only a device to keep his right ear from rubbing against his left. Mr. Speaker, he wants me to become political and I will. In 1994, when the Honourable Member for St. Michael North West was the

advisor to the then Minister of Finance, he contributed to the one and only Budget that he will ever contribute to in this Honourable House.

Sir, on March 28, 1994, five days before the Government of the day was about to make commitments to the World Trade Organisation (WTO) that would have serious implications for the conduct of economic policy, so-called budgetary measures were presented to this Honourable House, but not a word to what was being committed.

Mr. Speaker, it is very serious because the Opposition likes to quarrel about what is happening to manufacturing and agriculture. I am trying to get the Honourable House to understand that many of the policies that historically use to be used to support those sectors involve import licences, non tariff barriers, and other fiscal measures .

H No. 25(6)

11:00 a.m.

Monday, March 15, 2004

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

In 1994, five days after the so-called Budget was presented to this House, the Democratic Labour Party made commitments to the WTO committing themselves that over a ten-year period, all the protectionist measures that hitherto allowed us to have viable agriculture and manufacturing in Barbados would be stripped away by 2004.

Mr. Speaker, they negotiated with the WTO in such a way as to give the agriculture and manufacturing sector no breathing space whatsoever to adjust to the measures they agreed to. We took the programme and amended it because it could not be done in 1995, because no one in Barbados knew about it nor was it discussed in the House. Sir, I was in this House at that time and it was that factor, above all else, that has caused the agriculture and manufacturing sectors to be in this state since 1998.

Sir, we had industries that depended upon non-tariff barriers and licences arrangements for their survival and the Democratic Labour Party, foolishly in my view, put them on the table, gave them away and with that gave away the viability of those sectors.

Asides.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, today I will also talk about the contracts at the National Stadium and Dodds.

Mr. Speaker, the most staggering inequality in the world is this. The developing countries enjoy \$50 billion of aid together but the developed countries give their agriculture \$350 billion in transfer every year. Sir, income transfers by the developed countries to their agriculture sector is seven times the amount that those developed countries give to the poor countries, collectively. Sir, I am not speaking

about the Caribbean alone. The whole developing world gets \$50 billion in aid but there is a trade system which allows the developed world to subsidise their agriculture by a factor of 700 per cent of what they give in aid.

Mr. Speaker, the Democratic Labour Party in 1994 could have said to the WTO that if the developed countries were not prepared to remove their subsidies on agriculture that we would not remove our import licences but they sold Barbados short.

Mr. Speaker, this year there is another watershed. We are going to be negotiating with the FTAA. We are also going to be negotiating a new arrangement with Europe and the Caribbean Single Market and Economy. Despite the fact that the Doha Round went nowhere, at Uruguay in 1994, there was a built-in agenda that committed the international community to continue to negotiate in relation to the liberalisation of agriculture and services and at Doha. It was also decided that the next round of trade liberalisation globally for agriculture and services must be concluded by 2005.

Sir, the country has to be aware of these things because people feel that you can depend upon trade liberalisation failing to get by but there is no such prospect for this land. There is a built-in agenda that is taking place even as I speak to you that is intended to bring about further liberalisation in relation to agriculture, our oldest industry and services and our most modern industry that will ensure that for the foreseeable future, our economy in relation to the traditional and new parts of it, will function in a more competitive, global environment. We have to understand what this will entail and how we will begin to shape our own circumstances to accommodate this.

Mr. Speaker, I say to Parliament that whatever else we discuss this week we have to deal with the issue of trade. I mean it seriously because through this House the whole country must get an appreciation of what will effect us "coming down the tube" in a way that many people in this country did not get in 1994 when the Democratic Labour Party under the Uruguay Round sold out the future of agriculture and manufacturing.

Sir, I say this for the record because it is true. I wish the Honourable Member for St. John were here because he had one moment in time and he brought a so-called Budget on the eve of concluding a trade arrangements. Sir, apparently he was not aware of it. I want to believe that his advisor was aware of it, that he did not understand what was being advised, but that we must now deal with it.

Mr. Speaker, Barbados' fiscal policy for the future must take account of the likely effects of trade liberalisation across the four theatres in a way that it has never had to do before. That is what makes this year the watershed. Sir, we will either get it right or put this country in difficulties for generations to come. I feel that we can get it right and that we are trying to get it right but that the House and country has to understand exactly what is involved.

Mr. Speaker, Sir, the way in which we have historically also provided infrastructural solutions in this country must change as well. The reason is that we are now facing the prospect of having to make large and lumpy investments to bring about relatively small infrastructural solutions. The experience in providing a sewerage system for the South Coast of Barbados merely indicates how difficult this is. Part of the difficulty arises from the fact that there had been previous development and every time you have to carry out a infrastructural development, you have to disturb the development that was built

before. In many respects, this is causing projects, by their very nature, to be more expensive than they would be if we were dealing only with Greenfield-type investments.

Sir, when you are faced with the task of accommodating large, lumpy infrastructural solutions and we still need to make investments in infrastructure, it is very difficult to fit them within fiscal caps and, as a result, one of the reforms that is expected of us, must be a change in the institutional arrangements by which infrastructural activities are carried out in this country.

Mr. Speaker, there is no good reason why the Government must build sewerage systems. We can set the design features, the tariffs and whatever else for it but there is no reason why the Government must do it. Barbados faces a very important constraint in relation to water but there is no good reason why only the Barbados Water Authority must be involved in the supply of water and, Mr. Speaker, I could go on.

We have reached the stage where there must be increased reliance on new arrangements such as build, operate and transfer arrangements and public/private sector partnership. There must be a willingness on the part of the Government to treat areas relating to the provision of public goods that historically were regarded as exclusive spheres of the State as areas that warrant private investment.

H25/Sequence 7

11:10 a.m.

Monday, March 15, 2004

Continuation of... Rt. Hon. O.S. ARTHUR:Sir, I say to this Parliament that over the course of the next few years there will have to be those changes.

Sir, in addition to generating economic modernisation and growth, fiscal policy in this country has also been important in generating our social capital. I mentioned that in my judgement the development of this country with equity has rested upon our sustained investment in our social capital over an extended period of time. We have had sustained development over the past 50 years in education, health and human resource. Barbados has also become a high-quality society because of the vast range of entitlements to services that the citizens now enjoy, an entitlement that bears a relationship, not to the developing world, but in many respects exceeds the entitlements that many citizens of the developed world enjoy. There are not many citizens in many countries of the world that enjoy the same entitlement to education to university level or the same entitlement to health care as Barbados does.

Sir, we have also institutionalised in this country a very strong and expanded safety net and we have been innovative in strengthening it as circumstances are required. Our social security system, unemployment benefit and our system for dealing with poverty eradication for treating to the needs of the disadvantaged and those who would otherwise fall through the cracks, through the Urban Development Commission and the Rural Development Commission, again bear relationship to what obtains in the First World. These are the ways in which fiscal policy has been used for the purpose of social engineering and in addition, over a period of time provided our citizens with highly subsidised access to a wide range of public services and goods.

Many low-income people in this country enjoy access to highly subsidised housing and we are now providing them with subsidised land at a cost to the Treasury. It is important that this creative use of fiscal policy to build a more just society should continue. It is also true that we are quickly reaching a juncture in our development where certain things are also true. First, there are limits to the carrying capacity of the State in the provision of new entitlements. Sir, I want to repeat that. We are reaching a stage where there is an obvious limit to the carrying capacity of the State as regards to its capacity to introduce major entitlement programmes and there has to be the strongest justification for major new entitlements and all that are to be introduced will have to be impactful in terms of their extraordinary contribution to the social capital and the quality of life in this country.

Secondly, we need to have new institutional arrangements by which historic entitlements are honoured. For example, there is a section in the public service of Barbados that is entitled to the payment of a Government pension but like most things in our antiquated public system of financing, the pension arrangement for public servants is on a pay-as-you-go basis. Clearly, that has been one of the fastest growing areas in public finances.

Sir, we have now reached a stage in Barbados where the cost of public sector pensions paid by the Government to its former civil servants is larger than the cost of secondary education in Barbados. Obviously, we have to address our minds at some stage as to how to put that entitlement in the context of a new institutional arrangement that would make it more sustainable.

Mr. Speaker, there is a similar argument that can be advanced in relation to many entitlements to which the Barbados society has come to expect as a natural right. We also have to introduce new efficiencies in a way in which public goods are provided and in some instances, as part of the reform we have to ensure that efficiencies are generated by putting caps on subventions to institutions that have a capacity either to recover from the public part of the value of what they sell or to reform themselves by introducing efficiencies in the way in which they function.

Asides.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, I am saying to this Honourable House that when we take stock of our economic and social circumstances, any proper fiscal programme and policy must recognise that this Parliament will have to preside over a very substantial process of fiscal reform.

Sir, over an extended period, sound macro-economic parameters such as low fiscal deficits, low inflation, a fixed exchange rate and moderate raise increases, these fiscal parameters have all created an environment of economic stability that has been conducive to a strong and orderly economic growth in this country. We cannot but put a premium on economic stability as a major factor in ensuring that Barbados has grown and developed in the way it has, the predictability of investments and predictability of the response at the personal level.

We also have to nip in the bud any adverse developments that could put our stability and our reputation for macro economic soundness in peril. If factors that could undermine stability are not nipped in the bud, they would undermine long-term stability of the country.

Mr. Speaker, for our immediate purposes in this year's exercise, there is need for us to adopt a fiscal stance in relation to how we specify fiscal policy that will ensure as an object in itself, that stability, having been regained, can be maintained and carried with us into the future as a national asset that can help us to predict that nothing untoward will happen to this country's economic and social process over the course of the next generation.

Sir, for immediate purposes it is important to recognise that over the course of the last few years the Government has relied upon a counter-cyclical policy where we have allowed fiscal deficits that were larger than would run as the norm for Barbados.

Mr. Speaker, from the 1990s I would have been on record as saying that Barbados can live with a fiscal deficit of about 2.5 per cent of the GDP. In recessionary times, if the foreign exchange reserves of the country allow it, the Government can allow a fiscal deficit larger than that to be realised as a way of maintaining economic activity in the country but the foreign exchange reserves have to be available to allow that fiscal counter-cyclical policy to be used as a stabiliser in recession.

Sir, in 1991 the Democratic Labour Party could not do it because it had allowed the foreign exchange reserve held by the Central Bank to fall to \$11 million and hence they had to send home people. There was no prospect then in using fiscal policy to stabilise the economy in times of the recession. This time around, because our foreign exchange reserves had been built to a high plateau of over \$1.5 billion, the Government was in a position to use fiscal policy in a counter-cyclical way to stabilise the economy if there were a recession.

H25:Sequence 8

11:20 a.m.

Monday, March 15, 2004

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

Mr. Speaker, we recognise that the Government cannot continue indefinitely to run large fiscal deficits because the deficits that we accrue today are the addition to the debt that has to be paid back by people in the future. A series of unsustainable deficits uncontrolled, will, in fact, lead to long-term undermining of the capacity for growth and development of any small, open economy.

As a result, therefore, Mr. Speaker, while we want to continue to use fiscal policy and this Budgetary process for the continued economic and social transformation of the country, we recognise as well that we also have to give consideration in a pronounced way to issues pertaining to stability, as one of the key objectives to be sought by the articulation and the content of the Government's fiscal policy.

As a result, Sir, of having set out the framework, these Estimates are designed to find, to hold and to perpetuate that delicate but difficult balance between stability and continued transformation that is absolutely necessary at this juncture in our country's development.

Sir, I have been at pains to set the framework because this is what these Estimates are about, the niche

to find stability on the one hand, but there is still an enduring need for Government to be involved in economic engineering and social transformation. The key now is to try to find that delicate balance between stability and transformation.

I submit to the House that these Estimates are to be read, in the context of the extent to which they help us to realise that balance. I want to say to this Parliament as well, that this will not be an exercise that will inform these Estimates only this year. Given what has been happening internationally, and given what we know is happening in our region and in our economy that the careful balance of how fast we transform on the one part with our regard for stable parameters on the other, that these will be the issues that will engage this Parliament in a way in which they have never before engaged any other previous Parliament. This is the nature of the endeavour that must inform the work of this House, and make sure that we find that sense of balance.

Sir, there are times when countries have not found the balance, and found themselves overwhelmed. I use the case of Jamaica - and I was there so I can speak about it in a way that nobody else can - where there was a commitment on the part of a Government that promised economic and social transformation. It was very grand in the objectives of transformation that it was seeking, but not enough attention was paid to issues pertaining to stability, and a fiscal deficit that ran almost to 25 per cent of the GDP. It eventually overwhelmed the achievement of the programme for social and economic transformation.

I know, Sir, that people like Mr. Dick Cheney and others would tell you that fiscal deficits do not matter but they do matter. In this year's Estimates, Mr. Speaker, the Government will be setting out a fine-tuned programme for continued social and economic transformation, balanced only by consideration for the fiscal deficit and its reduction to manageable proportions, and its appropriate financing. And that, Sir, is the framework within which these Estimates have been prepared. I thought I would spend some time on that favourite because I believe that the Estimates will not be understood this year, and the House will not understand its duties if it does not have that framework that has to do with the balancing of stability and transformation.

Sir, before I come to the Estimates as Estimates, you will allow me to set this Budgetary exercise in the context of the performance of the economy. Our economy in the year 2003 performed better than we had initially projected but grew at a slower rate than what we regard as the rate of economic growth that would allow Barbados to achieve its major economic and social objectives.

There was a recovery from recession of this economy that began in the second half of 2002, and it was sustained into 2003. It is now projected, Sir, that in 2003, the economy would have grown by more than 2 per cent, but we believe that to realise our overall goals for the development of this country, the country should be better. We are pleased with the growth but recognise that the performance in 2003 was not as strong as we would wish.

In 2003, the economic growth was led largely by tourism, and to some extent, by the international business sector, our two largest export sectors, and contributed to in some significant way by sectors related to tourism, namely, the distributive sector and the retail trades.

We are pleased, Mr. Speaker, that unlike previous years where the economy has experienced

difficulties, that employment in Barbados stabilised and we ended the year with an employment rate of 10 per cent. It is important that we take account of this, because Germany has an employment rate of 9.5 per cent. We are only too painfully aware of the tremendous difficulties that are being associated with generating new jobs in an economy such as the United States of America to the point where it may lead to regime change but we are happy, Sir, that it has.

We are happy as well, Mr. Speaker, that our reserves have held up. It is important that we make these points because I seem to recall that on the eve of the 1991 recession, the Democratic Labour Party went to the London Market and borrowed a massive loan, advised by the Honourable Member of St. Michael North West, I am absolutely sure...

Asides.

Rt. Hon. O.S. ARTHUR: ...at very onerous rates.

Sir, let us contrast what happened then and what happens now. They borrowed but the loans went through the system like... I cannot call it, because the language would be unparliamentary. Sir, it passed through the system. They borrowed it and yet the reserves plunged to \$11 million net in the monetary authority.

We borrowed as well for two accounts. In 1998 when we started to introduce the trade liberalisation measures that the Democratic Labour Party had negotiated with the WTO, the advice of our debt management advisors was that once you liberalise manufacturing and agricultural import control, you are likely to have a flood of imports and so on; you would lose exports so that you should borrow then to stabilise your balance of payments. The 1998 borrowing that would help to change our debt profile was to neutralise the effect that we were removing barriers to imports that had existed for 50 years.

Then, Sir, in the aftermath of September 11th 2001, nobody in the world could anticipate what would have been the consequence for the rate of economic activity, in our most important sector. September 11th 2001, Mr. Speaker, had as disastrous an impact on us as it had on the United States of America. The reason, Sir, is that it struck at international transport and travel, and in so doing put in jeopardy, performance in our most important sector.

House 25, sequence 9,

11:30 a.m.

Monday, March 15, 2004

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

Nobody in the immediate aftermath of September 11th could have predicted what would have been the impact on tourism and how long it would have lasted. The advice for all of us, Chile and all the other countries like ourselves, was to go to the market and bring in money for balance of payments support because they did not know how this crisis was going to affect our foreign exchange earning capacity. And that we did.

Mr. Speaker, the contrast is that while the Democratic Labour Party borrowed in 1991 and it passed through the system with no visible effect, we borrowed and it has held. As I speak to you, Sir, Barbados now for the first time has over \$2 billion of foreign exchange reserves held in the monetary authority and in the banking system. I must stress that because in the past, before we got into liberalisation exchange controls, a large number of transactions used to have to rely upon access to Central Bank reserves through its financing. As we have decentralised and deregulated exchange controls, we have passed more authority to the commercial banks to carry out foreign exchange transactions and hence we are leaving more foreign exchange in the banking system for them to do that. So the combined foreign exchange in both the banking system and the Central Bank is the relevant measure today.

Mr. Speaker, you will find when you read the Central Bank's Report that the Government has over \$1.5 billion in foreign exchange reserves and over \$500 million in the banking system. So, unlike other periods when Barbados went into difficulties, in this period, there has been a sound external position. Sir, we have a renewal of economic growth, a sound external position, stable employment situation - 10 per cent would be a record at anytime - low inflation and capacity to play with. I said capacity to play with because Barbados continues to have what I regard as an intangible asset that we must find a way of using, that is excess liquidity in the banking system which is driven in large measure by the fact that our people are saving more. So when you read the statistics, you will find that last year in particular there was substantial growth in deposits in the banking system.

Having said that, Mr. Speaker, I recognise that there were some downsides in that the two sectors that have been on the frontline in the war caused by trade liberalisation, agriculture and manufacturing, have continued to perform sluggishly. Mr. Speaker, there seems to be a renewal of confidence in agriculture because for the first time in some years there has been some growth in non-sugar agriculture, and I expect that confidence to lead to stronger growth in the future.

Mr. Speaker, also on the downside, and we have to pay attention to it, is that Barbados is now incurring fairly substantial trade deficits in terms of exports because agriculture and manufacturing have been under pressure and we have had to do a lot of discounting in tourism to sustain economic activity. For us the implication is that we have to give serious consideration to the measures that are necessary to give balanced economic growth and we have to begin to address seriously those things such as the trade deficit that if unchecked could put the economy in an unsustainable position.

Mr. Speaker, with regard to the year 2004, the preliminary indications are that providing the existing international environment continues to hold and there are no unforeseen alarms - the world in which we live, Sir, is not one that gives us the confidence to speak without the possibility of foretelling that Barbados will this year return to the realisation of the 3½ per cent rate of growth that we believe is a sustainable rate of growth.

Mr. Speaker, we are pleased that we have reached that stage but as I said there are some things that this country must recognise that we must do. While we go back to a 3½ per cent rate of growth, we need to have more balanced growth. Therefore, there is an urgent need for both the manufacturing and the agricultural sector to make a contribution to the growth that they have not done for years.

Mr. Speaker, it is futile to assume that the forces of liberalisation that have buffeted these sectors will go away. Our manufacturing and agricultural sectors would for the foreseeable future have to function in a more competitive regional environment because of the Caribbean Single Market and Economy. They will have to function in a more competitive hemispheric environment because of the Free Trade Area of the Americas and they will have to function in a more competitive global environment because, as I told the House, negotiations in relation to services and agriculture are taking place and are expected to be completed by the year 2005.

Mr. Speaker, our priority must be in relation to agriculture and manufacturing to give these sectors all of the support we can give them consistent with our regional, hemispheric and global trade commitment. Barbados must believe that we can build agricultural and manufacturing enterprises to world standards, but the emphasis of our efforts now must be in point of fact...

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, my friend from St. Lucy is referring back to 1994. He can go back there but I am in 2004.

I want to repeat it from this platform that Barbados will have balanced growth when we begin to deal with the issues about building manufacturing and agricultural enterprises to world standards. Mr. Speaker, there must be industrious solutions at source and we have to begin to read these Estimates and all the other Estimates in the context of what they are intended to do to help us to build world-class enterprises that can function in accordance with world standards.

Mr. Speaker, Barbadians will find that they cannot legally export flying fish whether caught in our waters or in Trinidad and Tobago waters nor meat products to Europe because there are no standards in Barbados being followed in relation to those two activities that are in conformity with European standards. Failure to follow standards, to enforce standards and to monitor standards in agriculture and manufacturing have been the factors that have predisposed our enterprises to uncompetitiveness once the protectionist barriers that have hitherto protected them have been removed. Mr. Speaker, we cannot go back to those barriers, so then we have to build the enterprises towards standards.

Mr. Speaker, while we are doing that, Barbados must act on the recognition that if we are not going to borrow, then long-term private capital inflows have an important benefit on the balance of payments in helping us to offset current accounts deficits while the economy is going through transition. There are a large number of very large projects that have the potential to bring capital inflows into this country that can ensure that we have a strong balance of payments position without having to borrow which we must facilitate both from the point of view of an externally sound position and also to do that which I think is the most important thing that Barbados has to do for the immediate future.

Mr. Speaker, we have to build in our newer sectors, new capacity and better products because the real problem that our economy faces is that in the course of the last 50 years we have become more dependent on tourism. Our tourism industry, like the tourism industry of most Caribbean economies, is a mature industry with lots of tired plants and products and is being forced to compete with newer destinations in the Indian Ocean and the Middle East.

House 25 Sequence 10

11:40 a.m.

Tuesday, March 15, 2004

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

Mr. Speaker, the real imperative that faces us is for us to recognise that even though tourism is doing well, that we have to take our most important and matured industry and renew it, refresh it, build new production capacity, build new products and offer better value for money.

Sir, between now and 2007 as we move to a new economic dispensation, the big task of sustaining economic growth in this country is not to rest on our laurels in tourism but to understand what is involved in taking a matured industry and a matured destination and transforming it.

Sir, I have heard persons quarrelling about what the Government is doing through the Barbados Tourism Investment Inc. (BTII) but unless Barbados improves its tourism product and does it rapidly, in today's competitive environment we would be lost by the year 2008.

Mr. Speaker, I want to stress the point that it is not only about expanding our market, it is about product development. Therefore, when one hears that the Government has a programme through the Barbados Tourism Investment Inc., taking those old derelict assets around Barbados and transforming them, it is not that we are interested in window-dressing but that product development is important.

Sir, for example, I am excited at the 375th year of the City of Bridgetown for us to be willing to take it and to transform it. We have physical assets that were the embodiments of a previous economic dispensation. When sugar was king, there were old warehouses and other properties, which must become the assets of the future. There must be a marina in Bridgetown because Barbados is the first stop across the Atlantic, and it must be built by Government.

Sir, the centre of our major capital is now in a squalid state and it requires that the Barbados Port Authority and the Barbados Tourism Investment Incorporation do the dredging of the Careenage and the beautification of the centre. When people come to Barbados, the first thing they want to do is to visit the capital city.

Asides.

The Rt. Hon. O. S. ARTHUR: Speightstown is being looked after, thank you.

Mr. Speaker, Government is pleased that we are going back to a stage of 3 per cent growth but that is not in any way causing the Government not to understand that to sustain that, there has to be serious efforts to make sure that the dynamism of the leading sector, tourism, is maintained through a process of refreshment and renewal, building new capacities, new products, and the offering of value for

money, so that this matured industry can be competitive with the newer industries in the rest of the world, and that we have to find a way in the old economy to bring old enterprises to higher standards. That, essentially, is our big challenge.

Mr. Speaker, as we will not be borrowing commercially, we have to find a way to make Barbados understand that like many other countries, private capital inflow to build new capacity is the way by which to streamline the balance of payments, and that the attitude in this country where people malign large investments for foolish reasons has to stop. There are too many investments in this country that we should have proceeded with long ago. They have not been proceeded with because while other countries are busy getting on with building capacity, we feel like we are like Richard II's England, this sceptred isle and that we are not allowing the investments needed to transform Barbados, because we have a fixation about a process of resource use.

Sir, in my judgment, Barbados has now reached that stage where we also have to look at the ways in which we use our resources. I have spoken to the fact that in the centre of Bridgetown the resources that were created to support a sugar culture must now be used as part of a new service culture. For example, we now have to go to inland tourism and have inland tourism at Mount Gay, St. Lucy, in the same way that we have it at Villa Nova, St. John. The new wave of the future is inland tourism, and to recognise that it can be made to happen in Barbados as has happened in St. Kitts and elsewhere.

Mr. Speaker, we have also reached the stage in Barbados where we will only succeed as a small country if we make the most economic use of our scarce resource, our land. Sir, there is a resistance to accepting that point of view in this country, to our detriment. Sir, a country like Singapore has long ago gone past that national dilemma, but we wallow in difficulty when the potential is there.

Mr. Speaker, in relation to the economy, the Government is not dissatisfied with the state of the performance in the course of the last year but while they are reaching for more balanced and sustainable growth which could lead not only to job creation to some balance of payment problems, it is within our grasp to do it because the programmes and the policies are there. What we need now is to press on with them.

Sir, it is in that context that I come to the Estimates. There has been quite a considerable improvement in the state of our public finances because of the fiscal discipline which Government has exercised.

Mr. Speaker, when I hear the Leader of the Opposition, for example, joining with persons in Trinidad and Tobago, who do not know any better but he does, saying that by fighting Trinidad and Tobago for our legitimate rights in relation to our territory, we are using that as a smoke screen to conceal Government's financial problems.

Sir, first of all, I am saddened that as a Leader of the Democratic Labour Party which has led this country into Independence, the Honourable Member does not understand that when this country's territorial integrity is put at risk, the Democratic Labour Party must come forward and say that they are supporting the fight for territorial integrity.

Sir, I am disappointed that I have not heard his statement coming out of the Democratic Labour Party in a forcible way. I have heard about the bowl of soup down Glenburnie but I want to give the

Honourable House the bold assurance that there has been a considerable improvement in the state of our public finances, and that the nonsense that we have heard from the Leader of the Opposition about being involved in this matter with Trinidad and Tobago because we want to hide the state of Barbados is just folly, and I hope that the Leader of the Opposition would dissociate himself from such statements.

Mr. Speaker, up to January 31, 2004, our current revenue was \$129 million more than for the same fiscal period last year. Therefore, up to January this fiscal year, revenue has grown by 9.7 per cent. It has reflected the growth of the economy. The revenue was growing but even though the Government has paid a wage increase, expenditure was contained and grew by 1.9 per cent on the current upside, and though we had taken the country during the election, capital expenditure was contained. Therefore, in the period up to January 31, 2004, revenue has grown by 9.7 per cent, current expenditure has been contained to less than 2 per cent, that is in line with inflation, and we have put a clamp on capital expenditures.

Mr. Speaker, the projection of Government's revenues that we have before us are conservative, meaning I am not saying that for the rest of the year the revenue is going to grow by 9.7 per cent. We are presuming that for the year to end March, revenue will grow by only 7 per cent in that year and that expenditure will grow by 3 per cent. Therefore, we have used, not just the most optimistic but the most pessimistic estimates.

H:No. 25(11)

11:40 a.m.

Monday, March 15, 2004

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

Sir, as a result, we are in a position to show a projected financial out-turn for the year where Government is going to realise not the deficit of 5 per cent that was projected at the start of the financial year but a deficit of 2.6 per cent which is what we regard as a deficit that is sustainable.

Sir, the implications for that are considerable. Our initial belief when we were doing our financial plans against the background of the recession is that we would not have been able to reach a position before 2006 where we could bring our deficit in line with what we regard as sustainable but by holding a line on expenditure and not letting it rise as revenue rises, we have transformed the growth, thus far bringing the Barbados economy into a better fiscal position than we had expected and one which was not known to the credit agencies last year. The prospect that once we hold that stable position going forward and improve it, the objective of having that fine balance between stability and development can be realised.

Mr. Speaker, Sir, these Estimates are set in the context of a situation where there is a restoration of public sector fiscal stability and rather than having a deficit of 5 per cent of GDP because that is what it would have been had we not had growth in the revenue, the deficit is more like 2.5 per cent of the GDP

and everything is being done to realise that as the way forward.

Mr. Speaker, Sir, I will give the numbers to the House. Last year when these Estimates were laid in the House, we projected that the revenue would be \$1,780,000,000. Up to January, the revenue was \$129 million more than it was for the previous year. These Estimates say that the revenue will be \$1,839,000,000 which is \$50 million more than the previous year and I hope that out-turn is better.

Mr. Speaker, Sir, last year we projected expenditure of \$2.3 billion and we now expect that Government's overall expenditure, even with wage increases and supplementaries will be \$50 million less than what the House approved last year. This fiscal discipline will allow us to have an overall fiscal deficit of \$141 million. Having established that stability, it is essential that Government carry that stability with it into the next financial year while not losing sight of the need to do the things that will assist with the continued economic development of the country and the social upliftment. The Estimates for the year to come have at their core the achievement of stability as reflected in a deficit of 2.5 per cent of GDP, while the composition of our expenditure is of a nature that will allow us to continue to support the transformation of the economic sectors of the economy in impactful ways and continue to ensure that Barbados enjoys both the reputation and reality of that developing country in the world that has the highest standard of living.

Mr. Speaker, Sir, I will illustrate this. For the next fiscal year, we are projecting that the revenue will grow by 5.5 per cent and expenditure by 5.6 per cent. We do not propose to allow expenditure to get out of hand. Wages will be fully brought to account and with increments the wage bill will increase by 8.4 per cent. Government's goods and services is the area we are looking at most carefully. Sir, Government's accommodation as a service has risen by extraordinary leaps. Government is now spending \$25 million per year in rental and the maintenance of properties to accommodate the public officers of this country and this explains why goods and services have increased by that extent. All other non-accommodation increases, goods and services have been kept in line with inflation.

Mr. Speaker, Sir, capital budgets are to grow by 5 per cent. It also reflects a new composition of activities that will give us the assurance to continue to transform the economy and to uplift the society at large. Mr. Speaker, I have to assume that Honourable Members have gone through the Estimates themselves as to numbers and I will not tire the House with a recitation of the numbers. I would like to do some interpretation of the expenditure to give the House a feel for what we are doing and also to highlight the areas in which we are making expenditure adjustment so that the developmental priorities of the Government may be better discerned.

I have said already that Barbados' growth in equity has been based upon our sustained investment in the social capital of the country over an extended period of time. This year we look to have a deficit of about 2.5 to 2.7 per cent of the GDP. Our expenditure on activities such as education, health, community development, community services and whatever else will amount to \$1 060 000 000 of a total budget of \$2.4 billion.

Sir, it is extraordinary that we are spending 43 per cent of the budget on social capital alone. When you add education, health, community development and services the total is \$1 060 000 000 but \$339 million is for economic services, agriculture and other areas. Sir, people talk about excessive bureaucracy but \$344 million of our expenditure, a third of what we spend on the social sector is spent

on the general public service of Barbados.

Mr. Speaker, 44 per cent of the taxpayers' funds go to strengthening the social capital of this country as it should but this is not a new thing. Sir, 14 per cent is spent on the general public service, 1.4 per cent on defence and 26.5 per cent on debt and such like. This Budget is designed to continue to accomplish one of those four processes that have historically been crucial.

Asides.

Rt. Hon. O.S. ARTHUR: The Honourable Member for St. Michael North West is complaining that the wage bill is too high and is anxious to get his hands on the Government to cut the wage bill by again sending home a large number of people.

Sir, a Budget should have developmental philosophy and a developmental policy. The developmental philosophy of this country was that Barbados' stability and growth is generated by a social capital and even though the deficit is being stabilised we will not do it at the expense of the investment in the social capital because that is what gives Barbados the cutting edge.

H25/Sequence 12

12:00 noon

Monday, March 15, 2004

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

Sir, there are many little nuances to the expenditure that the Honourable House needs to be aware of because the Government is insisting through its expenditure policies both to exercise fiscal discipline and fiscal creativity. The discipline starts with Parliament. Last year, we tended to set the example by cutting the expenditure at Ilaro Court and there has not been an increase of more than \$10,000.00 to cover the expenses. This year, Parliament must lead the process and there is going to be a little cut in Parliament. All of us will make a little sacrifice in the interest of the public, therefore, the vote for Parliament is being cut by \$158,000.00. There is scope in this Parliament for increased efficiency. It will not stop members from going to the Commonwealth Parliamentary Association conferences. Sir, rather than four persons going, three may go instead. This Parliament, in a year when we are sending a message to the country, must support the notion that it must start here and it would do no violence to the Honourable House in the functioning of Parliament. Sir, you will be pleased with what can be accomplished with what has been provided to Parliament.

Mr. Speaker, let me start with my Ministry.

Asides

Rt. Hon. O.S. ARTHUR: Last year I came to this Honourable House and indicated that we need to start a new sector to create an economy in a serious way. A lot of the initiatives to create positive industries in Barbados will take the form of tax incentives but we have to start spending money to

design capabilities. A modern service economy without a design capability cannot function. It is one thing that is crucial for services in a capacity for innovation and design. Therefore, the Government has started the process of honouring the commitment by making provision for at least \$500 000.00 to start doing the design work for the Centre for Performing Arts.

Mr. Speaker, we are allocating some funds so that we can erect a monument at Rock Hall and finish the design of the statue of the late Right Excellent Errol Walton Barrow. It is our policy that we have to uplift our heroes across the country and there must be statues. We have one for the Right Excellent Sir Garfield Sobers and the Right Excellent Sir Grantley Adams. We have been working with the Barrow family and there will be a statue in Heroes Square for the Right Excellent Errol Walton Barrow as soon as we can get the designs finished. We will allocate funds this year for that statue because we think that it is important that his image be held up permanently in a dignified and prominent place for the contribution that he has made and as an inspiration for others in this Parliament to follow his example. I hope that the Democratic Labour Party will vote for that.

Asides.

Rt. Hon. O.S. ARTHUR: In relation to the economy, I said that in instances where the manufacturing and tourism sectors are facing immense competition that the appropriate response, where you cannot protect them with trade barriers, is to lift them towards standards. Over the last few years, the Government has provided each year \$5 million in technical assistance to help lift a number of Barbadian enterprises towards standards. In my statement to Parliament last November I indicated that if we are to go forward with that technical assistance programme, it cannot be a three-year period; we have to extend it until the job is complete and we have to recognise that many of our service industries need technical assistance as well to bring them towards standards. I promised that we would expand the \$5 million in technical assistance to lift our enterprises towards standards of \$7 million a year and it is being honoured in this year's Estimates.

Sir, I also indicated that the part of the Barbados economy where I expected to see the greatest thrust forward was in non-traditional services. Our services sector to date has been tourism and financial services but Barbados has a tremendous capacity, once the creation of the Caribbean Single Market and Economy, to realise more growth from the sale of non-financial, non-traditional services. A coalition of service providers is created and in order for Government to help them to become the spearhead in our service development, we would give them access to resources to at least \$500,000.00 a year to allow them to create a Barbados website to sell their services and things of that nature. This contribution is not large but impactful, and it is for the further development of our service industry, despite the fact that we are curbing the deficit.

Mr. Speaker, last year for the first time the Government provided direct support for the private sector to help them put together a team so that the private sector people would be part of the process of trade negotiation. We are maintaining that and we are giving the private sector \$500,000.00 to start the engineering efforts to lift private sector export capabilities.

Sir, our Estimates also make provision for us to continue the important work in stabilising the Scotland District. This is the Ministry of Agriculture's most ambitious project. As part of an entrepreneurial State, it must take that 1/7th of our agricultural land, our total national land that is now

largely derelict but where, in my judgment and the judgment of the experts, the capacity for non-traditional agriculture is good because of the rainfall and the soil types, take the Scotland District and rehabilitate it. The Government must take risk and we must rehabilitate the Scotland District.

Sir, we are continuing to support the special development in the Scotland District by allocating \$7.4 million. We have agreed, in support of the initiatives that were announced in Parliament last year to bring a deal to agriculture to cause it to be able to have a higher contribution to the GDP. The Special Development Projects' vote from the Ministry of Agriculture is to increase from \$1.9 million to \$7.64 million. We are serious about wanting to restore agriculture.

Sir, \$65 million is being allocated to the Barbados Tourism Authority. I make the point to the Honourable House that there will be a mid-term review by the Government because in relation to tourism, they can spend more than have been allocated. We have given them an initial amount based on the cap that we have set and if the revenue performs, there will be a mid-term review and they would get more money if they need it because we need to do that, Sir.

Mr. Speaker, I spoke earlier about the important work that the Barbados Tourism Investment Inc. has to undertake on the tourism product. The allocation for the Barbados Tourism Investment Inc. has been increased from \$6.7 million to \$9 million for the first year. It is important that the Government must continue to enfranchise.

We have already helped the small business sector. There is a number of small hoteliers who want to form a co-op and have asked the Government for support. In addition to giving them a small hotel fund, we are for the first time this year giving the small hotels of Barbados \$300, 000.00 to help them to meet their administrative needs because we recognise that the small hotels have an important role to play in our national development, and for the first time that is in the Budget.

Mr. Speaker, we are pressing on with the major works that I think are necessary for the transformation of the economy. The sum of \$16.2 million is provided for the Airport Redevelopment Project as well as the Airport Maintenance Project totalling \$30 million.

H25:Sequence 13

12:10 p.m.

Monday, March 15, 2004

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

Sir, in the area of social development, Barbados must become a fully inclusive society. By that I mean, Mr. Speaker, we must never refrain from the use of public expenditure to help those who would otherwise fall through the cracks, and to give new opportunities for those who need new opportunities. This year, there are three major new expenditures, not large, but in my judgement, Mr. Speaker, extremely impactful.

Every year, we as a Parliament, should agree to identify part of the Barbadian disadvantaged or

dispossessed who need help and do something to help them.

Mr. Speaker, we have helped the elderly. Last year, we agreed to provide resources to help the Council for the Disabled to build a home. Next year for the first time, the Government would fully enable the function of the Council for the Disabled so that they can get after the business of looking after the disabled people. Our taxpayers' money must be used to give them a resource centre. We dealt with other people in Barbados who are disadvantaged. We dealt with the young people, we dealt with the old people, we dealt with the children, and we dealt with the disabled.

This year, we have made provision for the homeless. Barbados has a problem of homelessness about which we have not been sufficiently aggressive. We have included in the Estimates for the first time, \$1/2 million to start to evolve a national programme for dealing with the homeless and it is a vote that we intend to expand. We want to build it, because homelessness is shameful, and we should be doing better for the homeless in Barbados.

The other part of the Barbadian society, where in my judgment and in the judgment of the Government, the disadvantage has been the greatest, has been those persons suffering with HIV/AIDS, who would like to work but cannot find jobs because of discrimination at the workplace. Mr. Speaker, because of the great transformation in treatments, HIV/AIDS is becoming more like a chronic disease, and some people may not be able to live long with it, but they must be able to live sustainable lives. Everybody would agree that it is a great shame that people who are known to have HIV/AIDS are the last people whom employers would employ and it is bad and wrong.

The Government feels that it must help and this year, for the first time, although we are controlling the deficit, we are providing the Small Business Association with a grant of \$1 million so that they can use that money to help people living with HIV/AIDS in Barbados to get training and to have access to capital to begin to create their own employment.

Asides.

Rt. Hon. O.S. ARTHUR: If the market will not do it, Mr. Speaker, an entrepreneurial Government must rise to the occasion.

Mr. Speaker, the Government believes, as well, that left to normal forces, there would be a great inequality in this country in the 21st Century, not caused by income or class issues as was the case in the 21st Century but by the impact of technology. There could be a digital divide in Barbados where the children of the middle class have access to computer technology and the Internet, and the children of poor people do not. As a result, Mr. Speaker, we want to head off the possibility of a digital divide, both by EduTech and by putting substantial resources in our community technology programme.

Mr. Speaker, even though we are controlling the deficit to give effect to our development programme, intended to make sure that there is no digital divide in this country, we are increasing the subvention for the community technology programme by a factor of 50 per cent, increasing it from \$2 million to \$3 million.

Sir, I want to use this opportunity to plead for cost effectiveness in the delivery of this programme.

My Ministry of Finance has required that it is put on a pause because, quite frankly, the Community Development Division has been putting too much emphasis, in my judgment on buildings rather than on the delivery of technology. We have had requests that we had to turn down for example to the distress of the Honourable Member for St. Thomas, to spend \$1/2 million to the building at Bridgefield, but we said, no. We feel that they could get some nice green heart houses, simple buildings costing no more than \$100 000, and let us spread this \$3 million in bringing technology to the masses, across as wide a cross section in Barbados as possible. We have asked for a review of the built environment part of it, so that it can reach as many people as possible, and this year, I want to see a galvanising of the project.

Asides.

Rt. Hon. O.S. ARTHUR: Sir, there has been, for a while now in this country, in my judgment quite a disconcerting tendency to treat 'the boys on the block' as a major part of the social problems in Barbados, and there is no constructive engagement with them.

Last year, Mr. Speaker, in my presentation to Parliament, I said that we have to start a project that allows them to be trained, and have access to resources for employment. Sir, we are having on Budget in this country, \$800 000 to allow for a process of economic engagement with the "boys on the block".

Mr. Speaker, Government also has a development programme which says that by the end of the first decade of the 21st Century, as part of the effort to build a more cohesive inclusive society, two things must happen. One is that every settled community must have roads and the other is that every settled community must have at least basic community recreational facilities. This has to be the policy.

In relation to the community facilities, Mr. Speaker, we have a typology. All must have at least a playing field. As resources allow, we would start to give others resource centres. In our judgment, in every parish there must be at least one facility that has lights. We are now making provision for the National Sports Council to be able to have mobile lights. Since we cannot put lights at every playing field, if districts want to have access to lights to carry out activities, all they have to do in the future, is to make arrangements with the National Sports Council, and they would move lights from place to place.

Asides.

Rt. Hon. O.S. ARTHUR: Sir, every parish has a right. Our young people must have the opportunity for recreation. You will find in these Estimates that although we are controlling the deficit, the provision for the National Sports Council to give effect to that policy of giving every community access to those basic facilities has increased from \$1.5 million to \$2.5 million.

It is the Government's view as well that through the combined efforts of the Urban Development Commission, Rural Development Commission and the Ministry of Public Works we must have every community in Barbados with roads, hopefully by the end of this term and definitely by the end of the first decade of the 21st Century.

My Ministry has asked the Rural Development Commission, the Urban Development Commission

and the Ministry of Public Works to come together, identify all the roads that need to be built in Barbados. We now have a five-year programme to do them. Sir, with the Ministry of Public Works going back to building tenantry roads, the Government has put them in a position where this can be done.

A few years ago, the Government, by way of a package of \$10 million, provided all of the depots in Barbados with equipment. I am calling on the Minister of Public Works to make sure that the equipment is used across the country, and not used for some of the purposes that I have seen it used, like the beautification of the premises of the Ministry of Public Works and Transport.

Asides.

Rt. Hon. O.S. ARTHUR: In my constituency of St. Peter, Mr. Speaker, almost all of the roads have been done by the Ministry of Public Works. This can be done in the remainder of Barbados, rather than have to contract out all of the work of building tenantry roads.

House 25, sequence 14,

12:20 p.m.

Monday, March 15, 2004

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

We now have a programme where we have designated the roads that are to be done by the Ministry of Public Works and Transport, the Urban Development Commission and the Rural Development Commission.

Mr. Speaker, you will find, in this year's Estimates, that the expenditure by the Ministry of Public Works and Transport for tenantry roads, residential roads, road maintenance and special works have been substantially increased. Mr. Speaker, the entry of the Honourable Member for St. John to the House gives me the opportunity to say that when he reads these Estimates he will be pleased to see....

Asides.

Rt. Hon. O. S. ARTHUR: Sir, if I were to tell him good morning, I would be doing what no Honourable Members of his side has told him.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, this Government has a holistic approach to the building of roads. In my view, Newcastle to Foster Hall Road is the worst road in Barbados. We have started some work down there and in this year's Estimates we are making provisions to make sure that the road has to be done because in a way there is no such thing as constituency roads in Barbados. Once the road is bad and you cannot drive on it, you are disadvantaged as a citizen. So we want to put this matter of roads in a condition where by the end of the first decade of this century our programme delivers. The Ministry

of Public Works and Transport has money now to do tenantry roads, residential roads, road maintenance and special projects as well as to rehabilitate all of the highways of Barbados.

We are also in this year's Estimates expanding the provision for the Urban Development Commission and I am urging them to press on with their work and not be intimidated by some of the criticism that they have received.

Mr. Speaker, these Estimates are also making enhanced provisions for projects such as the alternative care of the elderly, although we are controlling the fiscal deficit of the country. So when you read these Estimates, Mr. Speaker, you will find that there is an enhanced provision for existing social projects that are impactful. There is also the bringing to bear of new expenditure on key new areas of social activities where there is a duty on the behalf of the Government to treat to an existing situation of disadvantage or marginalisation faced by some of our sectors.

The Estimates also reflect the fact that we are in a kind of a trough where capital is concerned. A number of large projects have come to an end and the Estimates reflect the provision of resources for the design of new ones. Therefore, these Estimates make provision for us to continue the designed works to expand the Queen Elizabeth Hospital for the first time in 40 years. Mr. Speaker, I hope that we would soon be in a position to act on the designs of the hospital because there is absolutely no doubt that the capacity to deliver health care at the hospital has been negatively affected by the fact that the hospital was never expanded after it was built. It has been built as a 600-bed hospital and it has remained the same. Many of the problems existing at the hospital have to do with the fact that the plant needs to be refreshed. So you will find, Mr. Speaker, that the Estimates makes provision for future development by the allocation for designs of the hospital.

Mr. Speaker, everybody in Barbados would also agree that the ABC Highway which was badly maligned by the Democratic Labour Party when it was being conceived by Tom Adams has now...

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I was in this House with the person who led the Democratic Labour Party campaign in the last election and he used to make a statement that Tom Adams designed the ABC Highway to allow for small aircraft trading in drugs. That was said on the Floor of this House. There has never been a project in this country, perhaps other than Sherbourne Centre and for good reasons, that has been more maligned than the ABC Highway. Sherbourne Centre deserves to be maligned because when it was being conceived, the person conceiving it did not know what he had in his mind and when he was building it, he did not know what he was building. It was intended to be a school for the orchestra, then it was intended to be used as an examination centre and then it eventually turned out to be something else. So Sherbourne Centre was appropriately described, not maligned. Mr. Speaker, the ABC Highway has reached a stage where it has to be substantially expanded and we are putting the resources here to do the designs in order to expand it.

Mr. Speaker, the House would also agree that the existence of a training deficit in a country like Barbados is a waste of human resource. Every year thousands of Barbadians who want to be trained cannot be trained because of the lack of capacity at our existing training facilities. The University College of Barbados is intended to remove the training deficit in a country that must depend upon the

quality of the human resource. There are financial provisions in these Estimates for the design works to be completed in relation to the University College of Barbados.

Mr. Speaker, some financial reforms of the kind that I originally adverted to are being contemplated in these Estimates in instances where enterprises that charge fees are performing a service for which they get a subvention from the Consolidated Fund. As part of the effort to control our deficit as we go forward, the Government is going to cap their subvention and they must make up their future requirement from the rationalisation of their activities and, in some instances where fees have not been changed for 20 years, to changing the fees.

Mr. Speaker, there are some enterprises, for example, the Gymnasium, that we have to wean off the dependence of state subvention at an early stage. The Gymnasium now requires a subvention of \$2 million from the Government in order to function. It brings in less than a \$1 million in revenue. We will meet their subvention this year but the Government has told the Gymnasium that we are capping that subvention and we are reducing it and that they have to start promoting the use of the gymnasium in such a way as to generate more revenues in order to bring down the subvention.

Sir, Sherbourne Centre as well requires a subvention of more than \$1 million a year, but it can sell more services or rationalize its activities. Over a period of time the subvention would be capped and then made to decline.

Last year, we gave the Queen Elizabeth Hospital \$110 million. The fees charged for services at the Queen Elizabeth Hospital would for the first time now not come into the Consolidated Fund. With the formation of the Board, the \$8 million in fees will go to the Queen Elizabeth Hospital. We are capping the subvention at the Queen Elizabeth Hospital where every year they would get a subvention of \$115 million. They will thereafter make such adjustments in their functioning to be able to meet their requirements.

The National Conservation Commission has a capacity to sell services. It can be more aggressive in selling its services even to the Government. To force the change, the subvention of the National Conservation Commission will also be capped at about \$25 million, and it will have to meet its future requirements. That is the only way in which we are going to control this deficit.

House 25 Sequence 15

12:30 p.m.

Tuesday, March 15, 2004

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

If we are selling service, sell more. We have to become more competitive. We have to change the way of operation but we must not bloat the bureaucracy and keep looking to transfers from the Consolidated Fund for subventions.

Equally, Mr. Speaker, the Barbados Drug Service, is given \$35 million. Its scope is for the

rationalisation of opportunities and operations. It will be capped and the use of expenditure caps and the requirements that these state enterprises that are selling services must do so more effectively, is part of the fiscal reform that the Government will see through to make sure that stability is brought to bear to the public accounts of the country.

Sir, obviously we will look at these things sensitively. The intention of the Government is not to frustrate the workings of the institution but we feel there has to be a limit and that the age of unlimited access to the taxpayers' funds by institutions without regard to efficiency must end. There are decisions that we are going to make that are not going to please everybody but it is part of the adjustments that must be made, and I am calling on the Honourable House to let us make those adjustments.

Sir, the money that we are spending on the Social Capital, \$1.1 billion, can be spent with greater efficiency. If we have the will, we will find the way, and the programme that the Government has embarked upon is entirely intended to achieve that.

Mr. Speaker, in relation to the Ministry of Education, that vote is being expanded. For the first time our secondary schools will cost us more than \$100 million in public expenditure but we feel it is a tremendous investment and will continue to be supported.

Mr. Speaker, I earlier mentioned that part of the reform over which this Honourable House has to reside is in relation to how we conceive of traditional public goods and the way in which what used to be public goods in the past are performed in the future. Many things that we have historically regarded as public goods can be performed by the private sector, for example, sewage. We have had the bitter and biting experience of the South Coast Sewerage Project being implemented by the public sector and in these Estimates, we are continuing to provide resources for the continued design of a West Coast Sewerage Project. Sir, we are doing a review and it is quite possible that the Government will establish the design features and operations and may want this to be the kind of project that is done by the private sector of Barbados.

Mr. Speaker, the unavailability of water is the greatest constraint to the continued development of this country. Barbados is one of the world's water-scarce societies. We have the same water profile as Jordan, and many people associate the country Jordan with being a desert. Historically, we have been using about 95 per cent of our available water supply. Sir, because of global warming in recent years, the annual rainfall has been below the long-term trends and, therefore, the water supply is diminishing. We have to think anew as to how we treat the issues pertaining to water supply.

Mr. Speaker, many of the housing projects intended for the north such as Deane Town, will require households in the north being tapped into an existing water supply that is already strained. Sir, all across Barbados the potential for large, new investments are being constrained by the requirement that water self-sufficiency should be a condition. We have a large number of projects whose full implementation to build a new productive economy depend upon water.

Mr. Speaker, there are a number of issues that we have to review. The treatment of waste water to a standard which would allow it to be used for irrigation is a resource to which Barbados must come back, and that water should be reused for purposes of irrigation at the Bridgetown Sewerage Project, the South Coast Sewerage Project and the West Coast Sewerage Project. In one instance, nine million

gallons of waste water per day goes out to sea. The increased demand for water in the north is less than three million gallons per day.

Mr. Speaker, we have to finish the distribution system for the existing desalination plant. That has an excess capacity of three millions gallons per day and the distribution system to parts of the north and to the Belle, is now being put in. Sir, it seems to me that we need to have additional water desalination capacity in Barbados and that we have to involve the private sector in a creative relationship with the Barbados Water Authority because the Barbados Water Authority has a vast need for capital to replace its mains and to augment its water supply.

Sir, we have received proposals from private sector entities in relation to how we could go about recycling water, dealing with distributional issues and augmentative supplies. These proposals will require our locating the Barbados Water Authority in a new set of institutional relationships. There are solutions to the problem of water that do not only reside in the public sector and that we have to move aggressively with matters pertaining to the generation and distribution of aggregate water supply and in our new approach to fiscal matters. Sir, we intend to treat that public good as a matter that should be brought within the context of a new arrangement.

Mr. Speaker, I sense that there is some concern on the part of some persons with the extent to which Government supplements central government expenditure with projects that are owned by Government but are undertaken by commercial enterprises, and where these projects are not financed through the Consolidated Fund.

This is not a new development, when the Arawak Cement Plant was built, it was not done by funds from the Consolidated Fund, neither were Heywood Hotel or the Barbados Hilton. Most of the major housing projects in Barbados that have been built by the National Housing Corporation, have been from resources raised by way of bank credit and have not been from the Consolidated Fund.

Sir, perhaps the term off-budget financing is not the correct term. Commercial projects undertaken as commercial activity by entities related to the State have historically been an important part of the overall development of the country and it should continue, except in continuing it, we are diversifying the relationship, and I will use the Barbados Tourism Investment Incorporation (BTII) as an example.

The Barbados Tourism Investment Incorporation (BTII) is an entity in which the Government has decided to vest all properties that are tourism-related into the Barbados Tourism Investment Incorporation (BTII), and will require it to seek joint venture partners to develop. For example, for years the Old Harbour Police Station was in a state of abandonment. We then vested the land into the Barbados Tourism Investment Incorporation (BTII), for it to find partners in the private sector and develop it. In so doing, we restrain the extent to which they have to borrow when they become involved in a joint venture capital programme. There is now a transformation at the Old Harbour Police Station by way of the Barbados Tourism Investment Incorporation (BTII) and private investors, who are people like ourselves.

Mr. Speaker, two other examples are the Old Spirit Bond, which was an exemplar of what was wrong with Government. It was a wonderful structure that bore relationship to a past economic dispensation but with a tree growing through the top, and the Old Town Hall. Again, those properties were vested in

the Barbados Tourism Investment Incorporation (BTII) which then sought joint venture partners to develop them.

Mr. Speaker, the joint venture arrangements allow us to commit the resources of Government. Sir, the Government is not selling its tourism-related properties, the private sector of Barbados might be, and therefore Government has vested all of its tourism-related properties into the Barbados Tourism Investment Incorporation (BTII).

H:No. 25(16)

12:40 p.m.

Monday, March 15, 2004

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

When the Speightstown Post Office was closed, we did not sell it. We invested it in the Barbados Tourism Investment Inc. so that it could be used as equity. Sir, the Barbados Tourism Investment Incorporated is the principal investment vehicle of the Government by which we are promoting joint venture developments that we feel are strategic to our overall development. It developed the Town Hall and the Spirit Bond and will now get involved as well in the transformation of the Pierhead. It will be a joint venture partner with the property owned by the Government in the form of the old Coast Guard vested in it as equity.

Mr. Speaker, more important, Barbados needs a marina in Bridgetown. Barbados can become a preferred location for the boating and yachting community as the first port of call across the Atlantic. We have lost that advantage to St. Lucia because the Port St. Charles marina is a residential one. We need a marina that can cater to that kind of activity and the Government has told the Barbados Tourism Investment Inc. that we want it to be a joint venture in the Pierhead, use our equity and develop with others that part of Bridgetown where the buildings are derelict and transform them into new assets for Barbados.

Mr. Speaker, like Oistins, Speightstown is being transformed and it can be the centre of heritage tourism. The private sector has already spent money on the redevelopment of the Arlington Centre as an interpretative centre which has now been transformed with a boardwalk. We have moved the old Sanitation Authority building from the beach. The lands at Fort Denmark have not been sold but have been vested in Barbados Tourism Investment Inc. Government has told them to look for a joint venture to redevelop the old fort and the land around it to help in the further transformation of Speightstown as a centre for heritage tourism.

Mr. Speaker, we have started the streetscape in St. Lawrence and additional work must continue because St. Lawrence is the centre of tourism on the South Coast of Barbados. Sir, in the transformation of St. Lawrence, we must take along the vendors and taxi drivers with us because there will be no transformation that does not involve the vendors and tourism people. Barbados Tourism Investment Inc. has been encouraged by the Government to work with the non-traditional private

sector.

Sir, one of the most pleasing potential products in Barbados would be the transformation of Consett Bay. It is owned by the Codrington Trust but can be sensitively developed as a resort area with pleasing environmental features. Barbados Tourism Investment Inc. has been given \$1 million to work with the Codrington Trust to plan the development of Consett Bay as a resort thus expanding employment opportunities in St. John. Sir, those are the kinds of new approaches to fiscal development that we think are necessary.

We will use the investment vehicles owned by the Government to hold equity owned by the Government and convert them to capital projects that ordinarily would have been done by the Government by way of a public/private sector. Sir, in every instance we are seeking to make sure that the Barbados Tourism Investment Inc. has equity and physical assets that can serve as collateral. The Barbados Tourism Investment Inc. was told to take the old Police Station and invest it as a tourism site and that we would create a police station elsewhere.

Mr. Speaker, Government felt the need to use the build, operate and transfer initiative and will use this more often. It is not true to say that this build, operate and transfer initiative is an off-budget initiative. A build, operate and transfer initiative, for example is the United Nations (UN) common premises. The Government encouraged the National Insurance to build the UN building and every year we pay them the rent. So build, operate and transfer shows on the budget when the rent is paid.

Mr. Speaker, it has a great value and I will use Tamarind Hall in St. Joseph as an example because it is a build, operate and transfer initiative. If the Government builds it, the \$10 million is shown as an expense this year up-front and the money that we borrow in future years will be shown as an expense when we start to repay the principal and interest. We have an up-front expenditure and downstream expenditure when we service the debt related to it.

Sir, a build, operate and transfer arrangement is one in which the things that the public sector did, we now let the private sector do them and then Government would rent the properties from them with the understanding that the properties will be passed back to Government after a period of time.

Sir, the National Insurance Department is the mobiliser of the long-term savings of the Barbadian people to an extraordinary degree. We have to create investment opportunities for it at home otherwise in the absence of this, the National Insurance will increasingly take our people's savings and have to export them in search of actuarially sound rates on its investment.

Sir, increasingly the Government is trying to make provisions for the National Insurance to be the financier of most of our build, operate and transfer arrangements and we are putting on the budget rental payments for those properties that will allow the National Insurance Department to be able to realise returns such that its contribution remains actuarially sound. The UN common premises were built by the National Insurance but we are this year providing the on-budget payment of the rental. Sir, ordinarily we would have had to put up the \$70 million for the Justice project as expenditure and every year pay interest on it but somebody else is building it and then the Government pays the rental. This has become standard as a financial practice where you are faced with the prospect of large, lumpy investment that would otherwise distort the overall fiscal position and which can be carried out by the

private sector as sound investments.

Sir, we are doing fine, as in the case of the UN common premises, because when the private sector does it, it tends to come in on time and within budget. If only we had done that in the case of the building at Warrens. Sir, for the future, a number of large public sector investments that are lumpy and that can be carried out by the private sector, the Government will allow to be carried out on the basis of a build, operate and transfer arrangement, that they build it and operate it and after realising rent for a number of years it will be transferred at some stage to the public sector. We feel that is an effective and efficient way by which we can carry out capital development in the country.

Mr. Speaker, Sir, these Estimates are seeking to achieve the objective of finely balancing stability with transformation. Stability means that we must keep the deficit down to manageable proportions.

H25/Sequence 17

12:50 p.m.

Monday, March 15, 2004

Continuation of Rt. Hon. O.S. ARTHUR: The deficit net of amortisation is the amount by which we add to the national debt every year. If we do not control it, we will either refinance by borrowing or have a situation like that which obtains in many developing countries where the debt service is so large that before they can deal with anything else, the debt is being serviced.

Mr. Speaker, our debt service in the last two years, the profile of our debt was changed by loans. Sir, in one case we were advised to raise a loan to cushion the economy when we started the implementation of trade liberalisation measures and the second loan is a loan that we incurred in the aftermath of September 11th. May I say that the initial intention in relation to that \$300 million was to put it in an account but anybody who has ever been involved in financial management would know that if you take \$300 million that you borrowed, and you put it in an account that you are earning less interest than you are currently being paid, you are creating your own problems.

Sir, the Government decided that rather than let it stay in a sterile account, there were projects for which we would have had to borrow and we used part of that money to finance those projects because those projects have the capacity to generate foreign exchange to help service the loans that we raised. Sir, rather than leaving the money in an account, we put some of the money into the Hilton and the Airport because we would have had to borrow money for these projects. Sir, the Honourable Member for St. Michael South will tell you what is happening at GEMS.

We have been using the borrowed resources to expand the foreign exchange earning capacity.

Asides.

Rt. Hon. O.S. ARTHUR: We used the borrowed resources to invest in activities that can expand the foreign exchange earning capacity of the country. At the same time, preempt the need to add to the public debt by borrowing for those projects as well.

Mr. Speaker, the Government of Barbados is not going to allow our debt to become a problem. That is why we are going to try to keep the deficit at 2.5 per cent of GDP as a fundamental part of our fiscal deficit. If we can reduce the deficit further we will do so. We are not in a position to accept the advice of the International Monetary Fund that we should abolish the deficit in one fell swoop. As I said, a Government has to balance stability with transformation. Sir, to remove all deficit funding in Barbados would mean that the things that I said that we are doing now for economic and social transformation could not be done.

I believe that people who work for the International Monetary Fund and other institutions should be made to live in the country and under the same condition as the people on whose behalf they prescribe these most draconian policies. There has never been a time when they tell you that you that you do not have to reduce the deficit further.

Sir, the point is, the course on which we are embarked will be such that we will continue to manage the deficit and reduce the debt. The Government is going to have a midyear review. I am giving this Honourable House the assurance that if there is a growth in the revenue beyond what we predicted, the Government will not allow the expenditure to grow but we will use it to offset the debt.

Sir, I have the external debt projection for the next ten years. We expect that the repayment of the external debt next year will be less than this year, this year has \$68 million and next year has \$62 million. In 2006, it will be \$94 million and every year it will be reduced. It will have a hump again in 2009 and thereafter continue to decline. If we continue on this profile the debt situation of Barbados will decline between now and 2008, have a hump in 2009 and after 2009, decline again.

In relation to the domestic debt, the debt repayment is to decline from \$178 million this year to \$115 next year. It declines the following year. It humps in 2008 and then thereafter it declines to levels in the years 2010 to 2013 but that can only be realised by our agreeing that we will control the deficit.

Mr. Speaker, I would like to put our deficit in the context of what is happening internationally. The Barbados deficit at 2.5 per cent of the GDP, compares favourably with the deficit realised in the United States of America. In the United States of America the deficit is 4.4 per cent of the GDP. In the United Kingdom, the deficit in this financial year is 3.5 per cent of the GDP. Sir, Canada is doing better. France and Germany both subscribe to the Maastricht Revised Treaty of Chagaramas that requires a deficit of no greater than 3 per cent of the GDP. In France the deficit is 4.2 per cent of the GDP this year and in Germany it is 3.9 per cent of their GDP. Mr. Speaker, both of these countries had to be given special waivers from their obligation under the Maastricht Treaty in relation to their financial management. The Government of Barbados, faced with the same situation, has realised a more stable and sustainable deficit than the United States of America, France, Germany, and the United Kingdom.

Mr. Speaker, all things being considered and given where we were, it has been an exercise in fiscal discipline that is commendable.

Asides.

Rt. Hon. O.S. ARTHUR: We are still getting ahead with our programmes. We are building roads

and houses across the country. There is still a development in place and we are helping the industries in Barbados. As I said, it is a fine act of balancing stability and transformation, that is the message that I bring to this Honourable House. These Estimates are set in the context of the situation facing Barbados. The Government must continue to be creative. The Government must continue to take reasonable risk in relation to the programmes for social engineering and transformation and to help build a new modern Barbados economy. We must find new institutional arrangements by which that entrepreneurial State is to perform. The Government can neither retreat nor disengage assisting entities in this society, who would otherwise and in the absence of assistance from the State, fall through the cracks. Mr. Speaker, we cannot do that indefinitely and at the expense of fiscal soundness.

These Estimates reconcile those two imponderables to carry with us stability into the future and to carry with us a finely tuned development programme that is designed to greatly enhance the great reputation of Barbados as a good society. Also the accomplishments realised by Barbados as the country in the western hemisphere with the third highest standard of living and the country in the developed world with the highest quality of life. It is in that spirit that I commend these Estimates to the Honourable House and beg for the full support for this matter.

SUSPENSION OF SITTING

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that this House be suspended until 2.05 p.m. this afternoon.

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

The question that this Honourable House be now suspended until 2.05 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting according.

H25:Sequence 18

1:00 p.m.

Monday, March 15, 2004

RESUMPTION

Mr. DEPUTY SPEAKER: This Sitting is resumed.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, it gives me great pleasure to deliver my first speech in the Estimates Debate.

I sat and listened most attentively to the Prime Minister in his delivery and I intend to deal with quite a few matters raised in his presentation. He talked initially about the need for fiscal policy reform and went on to identify the difference between the cash and accrual systems of Government.

Let me say, up front that we do agree with the need for the Government to pursue the path of the accrual system as opposed to cash. As was stated, expenditure becomes expenditure only when paid for and not when incurred under the current system of Government. It created a major problem, in the early 1990s in the IMF Programme. The IMF threatened not to engage in a programme because it was extremely difficult to reconcile the Government's fiscal accounts and the financing thereof.

I was not in the House at the time, but when the Prime Minister said that Supplementaries would be a thing of the past, he might have been making fun or a joke because with the cash system as opposed to accrual system, we are always going to be confronted with supplementaries, so there is no real divide with respect to whether or not there is need to go towards the accrual system as opposed to cash.

I want to say that while there is a need for reform, there is a matter that I need to address because, in his presentation, the Prime Minister accepted that he utilised the monies borrowed for a rainy day, because it had become uneconomical to keep these funds on deposits, as a result of the reducing or declining trend in interest rates.

Sir, the reason why we need to address the matter is because we have been arguing for a long time that to use those funds is really not the correct thing to do without Parliament's approval.

I need to explain now, using the Financial Administration and Audit Act, that revenue means all levies, taxes, rates, fees, duties, penalties, forfeitures, rents and dues, proceeds of sale and all other receipts of the Crown, from whatever sources arising, over which Parliament has the power of appropriation, but does not include the proceeds of short-term loans. Sir, long-term loans are included, so it means that all borrowings of Government, with the exception of short-term loans, become part of the revenue of Government. If that is so, it is well known that the Government has to seek the approval of Parliament in spending the revenue of Government.

Therefore, Mr. Deputy Speaker, we had a statement that the borrowings were in fact used to help finance the Hilton Hotel, the GEMS and the Grantley Adams International Airport. Therefore, it is going to be extremely difficult to justify how we could have utilised those revenues without seeking the approval of Parliament.

Rt. Hon. O.S. ARTHUR: On a point of order. The Honourable Member said that it is difficult to explain these things, Sir, because the Consolidated Fund is not the only source of funds available to the Government of Barbados. Chapter 25A of the Financial Administration and Audit Act, and I am speaking from memory, Sir, says that the Government can make loans to enterprises with the approval of Cabinet and secure them with debenture or any such financial instrument.

Mr. Speaker, this happened in 1993 when the Member of Parliament was then the advisor to the Ministry of Finance in relation to the BADMC, and he knows that there are other accounts of the Government, and it need not happen that way.

House 25, sequence 20,

2:10 p.m.

Monday, March 15, 2004

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

Therefore, he is really misleading the House and he should really come back to sensibility because this is not truthful.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I wish to address the question of being the advisor to the Minister of Finance in 1994. I want to state here now that contrary to what is believed, I never had permission in that seven-month period in 1994 to attend any of the meetings at the Ministry of Finance as it relates to the issues of the day. We now have a situation of which the then Head of the Civil Service who would have been allowed at those meetings and who was the finance officer in the Ministry of the Finance and is now a Minister of Government. So I would like that when people assign me an advisory post that they recognise that I was never given permission to attend any of the meetings and that the man who was in charge of the Ministry of Finance and who was running the programme from the Ministry of the Finance is now a Minister under the Prime Minister, so I would like that to be put in its proper perspective.

Mr. Deputy Speaker, it is therefore for me to look at really discussing several of the matters raised by...

Rt. Hon. O. S. ARTHUR: On a point of order. Sir, I am asking you to rule. It is the matter of the law. Perhaps the Honourable Member should not have become the advisor to the Minister because the Financial Administration and Audit Act says "money at the credit of the Consolidated Fund and any other public monies". Sir, there is the recognition that there could be public funds other than funds in the Consolidated Fund which may be deposited in the Treasury Account. So you can have access to a Treasury Account in a form that is different from access to the Consolidated Fund. That is section 20 of the Act. Section 25A, if my memory is correct, says that with the agreement of Cabinet loans can be made. It does not have to come to Parliament, this is in the law, so I am asking that those misleading references about the Government having to seek authorisation to make loans from the Treasury Account be withdrawn from the record because those references are not true. Sir, you have to rule.

Mr. C. A. MASCOLL: Mr. Speaker, I wish for that to be explained because if an individual borrows money and puts it on a commercial bank, the commercial bank cannot withdraw any funds from that person's deposit without permission. A treasury account is a bank account of Government therefore there is no way in which a treasury account can be reduced without Government giving approval, so I am saying that this matter has to be resolved. I understand the need for reform of the fiscal policy and fiscal system of Government, but I am saying that everything should be reformed such that governments, whoever they are, would not be in a position to use such funds without coming to Parliament. It is a fact that we had \$473 million on that special deposit at the Central Bank as at January 2002, but at December last year it has reached \$33 million. Therefore, Government has utilised \$440 million from the special deposit without having to come to Parliament for any form of discussion whatsoever. Therefore, I am saying, Mr. Speaker, that if we are thinking in terms of reform and if the Prime Minister wants really to engage in discussion about the future, the first point of call has to be, how do we cope with what has happened in Barbados over the last two years with respect to the fact that the Government has been able to utilise \$440 million from the special deposits without having to

have a debate.

Sir, I recently sat in this Chamber and debated supplementaries of \$36 000 and for \$21 where you had to come back to Parliament to get permission to spend an extra \$21 in a line item in the Estimates, but the Government is in a position to spend over \$440 million without having to come to Parliament. That must be inconsistency. Therefore, if we are really thinking in terms of reform, then we have to consider looking at the overall reform of our fiscal affairs. That cannot be disputed.

Mr. Deputy Speaker, it is a fact of life that given the Financial Administration and Audit Act the Government if it really wants to engage in the reform of fiscal policy has to engage in a major debate on how you can get around the parliamentary system by utilising those kinds of resources without having to come to this August Chamber.

Mr. Deputy Speaker, there is a lot of boast here in this debate on the question of the reduction in expenditure. This Administration has engaged in substantial off-budget capital programming. The Central Bank of Barbados has mentioned repeatedly in its reports that there has been a substantial amount of off-budget capital expenditure financing which would not be captured in central government's statistics and therefore would not be reflected in the deficit. Is that part of the reason for the so-called performance of the fiscal accounts this year, or is it the case that there is no harm in using the off-budget capital route without having to account for those funds by way of central government accounts? That should be part of the reform of the fiscal policy in Barbados. Any discussion on the question of fiscal reform must therefore take into consideration, as was said, issues of transparency, effective fiscal policy and fiscal discipline. There must be concern that in spite of what has been said by the Honourable Member for St. Peter that we have had in Barbados an inordinate amount of spending in the last two years but the spending has not shown up in the central government accounts, so there is major need for concern.

Mr. Deputy Speaker, I also feel that the whole issue of public sector reform is crucial to a discussion on fiscal reform. We have not really embarked on a serious public sector reform in Barbados because the evidence is there to show that it has had little or no impact on the operations of the public sector in Barbados. So public sector reform must be seen as a critical issue or factor in the overall fiscal policy reform of Barbados.

Mr. Deputy Speaker, I am aware that a comprehensive study on tax administration in Barbados has been done last year, but that report has not been made available to Honourable Members certainly on this side. Again, if we are serious about engaging the minds of parliamentarians, such information could also be brought to this Chamber for consideration.

Asides.

Mr. C. A. MASCOLL: I know that it has been engaged in and that a report was written some time last year on tax administration in Barbados. Again, that would constitute a necessary component of a fiscal reform strategy or package for Barbados.

House 25 Sequence 21

2:20 p.m.

Tuesday, March 15, 2004

Continuation of: Mr. C. A. MASCOLL

Mr. Deputy Speaker, the question of Public Sector Reform has been managed by non civil servants. That is why there is a major outcry in Barbados concerning the issue of supersession because if Government is going to be serious about Public Sector Reform, then meritocracy has to be at the heart of the governance of the public service. Sir, if there is going to be Public Sector Reform and the cases involving supersession are skyrocketing on a daily basis and have started to engage the minds of the unions of Barbados to the extent that it has emerged as a major concern within the public service and is hurting the morale of the workers, then we have to outline a strategy for promotion and movement in the ranks of the public service.

I think that Public Sector Reform is crucial because it is at the heart of how to increase productivity and efficiency within the public service but that the issue of supersession which we have seen being discussed by the unions of Barbados must be a major cause for concern even within the Government ranks.

Sir, to this date the Government cannot be satisfied with the kind of Public Sector Reform approaches in which it has been engaged. Therefore, we have a major concern. These are the issues that we are addressing and, in fact, the same Right Honourable Member for St. Peter has asked that the Democratic Labour Party at least give some look or put some thought into the process of an overall Public Sector Reform.

Mr. Speaker, the Right Honourable Prime Minister has also said that this year's fiscal Estimates cannot be seen as a one-year financial planner. Sir, we never thought that there could have been a one-year fiscal arrangement and that Government could have done the kinds of engineering that were necessary to reposition the economy. Therefore, it must be an ongoing process.

Sir, this morning when I listened to the Honourable Prime Minister, I think there was an admission that previous policies have, indeed, failed this Administration. When one looks at the gamut of policies that are outlined in Budgets since 1995 and a whole host of policy initiatives were taken, yet the objective of achieving a private sector led economy has not materialised. The Honourable Prime Minister has said that because of the recession of the last two years, the Government took it upon itself to have fiscal policies as a counter-cyclical method of saving the economy from reduction in economic growth and, therefore, sustaining jobs in the economy.

Mr. Deputy Speaker, there is nothing wrong with that, but the thing is that there was very little knowledge of a recession or the admission of a recession, when it occurred in Barbados the last two years. In fact, an admission that we were in a state of recession came after.

Mr. Deputy Speaker, I need to look at an issue, the question of protection, which has engaged the Honourable Prime Minister this morning. I have already said to Honourable Members on the Other Side, that Barbados is one of the most highly-protected economies in the region and, therefore, within

this new global reality Barbados, like any other Caribbean country, is going to have to make adjustments to a liberalised environment. The countries of the Organisation of Eastern Caribbean States are not so much protected. Trinidad and Tobago started the process of removing protection back in the 1980s and early 1990s; in Guyana there is nothing to protect, Guyana really needs an economy; in Jamaica we saw the impact of removing that kind of protection years ago within the Jamaican economy. Therefore, it is a fact that over the years, especially in manufacturing and to some extent in agriculture, we have used protectionist policies to give these sectors some degree of breathing space.

Mr. Deputy Speaker, again the Prime Minister this morning made some comments, that is why I asked the question in an aside, whether or not I was listening to the Prime Minister of four or five years ago, as compared to now. Sir, as I continue my speech, persons would recognise what I mean. This morning we were told that there is an entrepreneurial role for the Government of Barbados, that when Government looks ahead, it has to become even more involved in positioning Barbados in an entrepreneurial way.

Sir, that has actually prompted me to ask the question whether or not this is a new position being taken by this Government because I would have thought that the Barbados National Bank, which was showing high levels of profitability, would have been an ideal enterprise to have kept if Government was, in fact, serious about being involved in an entrepreneurial role.

I would have thought as well that the Insurance Corporation of Barbados was an ideal place to have kept Government being involved because of the degree of profitability within the Barbados National Bank and the Insurance Corporation of Barbados. I am now hearing that Government is in an entrepreneurial spirit.

Mr. Deputy Speaker, I well recall in a recent debate in this Honourable Chamber, where we were arguing that there was some consideration to privatise certain important enterprises in Barbados. Sir, that debate went to the point where there was total denial.

Mr. Deputy Speaker, when I check the summary of September 29, 1997, Budget, at Item 8, it said:

“Government will implement a privatisation programme to provide more activity for the Stock Exchange of Barbados and to broaden share ownership.

The institutions that will be involved are as follow:

(a) company involved in joint ventures in Carlisle Bay.

(b)The Grantley Adams International Airport.

©)The Bridgetown Port.

(d)The Barbados National Bank.

(e)The Insurance Corporation of Barbados.

(f)The Caribbean Broadcasting Corporation (CBC).

(g)The Barbados National Oil Company Limited.

(h)The National Petroleum Corporation.

(I)The Barbados Mortgage Finance Corporation.

Mr. Deputy Speaker, that is why I had asked the question because when I heard the Prime Minister talking about being in an entrepreneurial role, it seems to be at variance with the need to privatise these institutions in an attempt to broaden the base of ownership in Barbados.

Therefore, in fact, I am seeking counsel in this matter as to whether or not the Right Honourable Prime Minister has now reversed his position with respect to the involvement of Government in the economy and to the extent to which Government should be involved in the Barbados economy. This is a very fundamental discussion in which we need to engage.

H:No. 25(16)

2:30 p.m.

Monday, March 15, 2004

Continuation of Mr. C. A. MASCOLL:

For the future of Barbados the most critical point that has to be discussed and debated outside of fiscal reform has to be what constitutes the optimal size of Government in the future Barbados economy and the question that has to be asked is how Government can be involved in the economic arena and this is a crucial point of discussion for any Barbados Government regardless of which Party is in power.

Sir, you cannot treat fiscal reform as only tax reform because what we are hearing about is a total package of fiscal policy but it cannot be confined to revenue or tax reform.

Mr. Deputy Speaker, there is no pooh poohing of this matter because if Government is intending to say that it is just a question of repositioning the focus of the public sector to become more entrepreneurial, it would have to be a recent position because it is at variance with the sale of the Barbados National Bank and it is at variance with the prospect of selling insurance companies. Notwithstanding all that, we have just had the sale of Mutual Bank to Bank of Butterfield, the sale of Barbados National Bank to RBTL and the sale of Caribbean Commercial Bank to RBTT at a time when we are talking about the availability of capital in Barbados. This has to be a major point of consideration to where we are going in terms of our economy.

Mr. Speaker, seven years ago, the Prime Minister clearly stated that he had an economic growth strategy that encourages the expansion of existing enterprises and establishment of new enterprises. Sir, this was supposed to be the growth strategy of the Right Honourable Member for St. Peter. We

embarked heavily on a programme of incentive-based growth which is part of the fiscal incentive strategy that we took up back in the 1960s as a region to encourage foreign investment by the provision of incentives. We carried the process forward but it is going to be extremely difficult in a new globalised economy to have a fiscal incentive based on growth strategy because a major tenet of globalisation is whatever you do for your friend, you have to do for your enemy. Therefore, we have to be encouraged as a country to look at the whole question of incentive-based growth. In fact, there is an admission that the strategy has basically failed because we grant a lot of incentives to several private sector people across Barbados but we have not seen the kind of corresponding benefits to the economy. This has been a major stumbling block in the Bridgetown Development Project which was supposed to have been implemented some time ago. We are not so certain what would have been given in the creation of the Bridgetown Development Project and to date we have not seen any start with respect to that project which was supposed to be a major initiative in carrying Barbados forward. Sir, perhaps there is a need for a status report on the Bridgetown Development Project.

Mr. Deputy Speaker, I looked at the Prime Minister in amazement when he said there was need for trade liberalisation to be accelerated.

Rt. Hon. O.S. ARTHUR: Mr. Deputy Speaker, on a point of order. I said we are about to enter a period when trade liberalisation is going to be accelerated. I never said that I am calling for it. They are two different things altogether and the Honourable Member is misleading the House. I said that there is a process of trade liberalisation taking place under the WTO that involves a built-in agenda. I am not calling for it, Sir, I am acknowledging that it is taking place and to mislead the House on such a spurious matter suggests a bit of desperation on the part of the Honourable Member who is speaking.

Mr. C. A. MASCOLL: Mr. Speaker, there will come a time when the seriousness of thought will be accompanied by action. Mr. Deputy Speaker, as I speak, I am referring to issues raised by the Prime Minister in his presentation. Sir, perhaps you can forgive me for waffling at this stage, but I am only identifying certain matters that were raised and seeking to address, in a meaningful way, the issues raised the Prime Minister.

Whether or not there is a call for trade liberalisation, there is a recognition that it is on a path of acceleration. Sir, back in 1998, the then Minister of Trade, the Honourable Member for Christ Church East...

Hon. R. R. FARLEY: Mr. Deputy Speaker, I hate to interrupt the Honourable Member while he is waffling, as he said. Sir, for the record, I have never been assigned to the Ministry of Trade.

Mr. C. A. MASCOLL: Sir, in 1998, the Honourable Member for Christ Church East was engaging in a programme to offer increased protection to the manufacturers of Barbados. That is a fact. The thinking at the time, just five years ago, is that we needed to stall the impact of trade liberalisation on the manufacturing sector. I am now hearing that the process of accelerating trade liberalisation is really an acceptable process when we told the manufacturing sector at the time that we would delay the impact and give them more breathing space. Sir, we have not done that and as I speak to the Chamber the manufacturing sector is under more difficulty than it was five years ago, notwithstanding the delay of the surtax and all the other things that accompanied the policy prescription at the point.

Mr. Deputy Speaker, there is no doubt that there is lack of clarity on that side with respect to where it is taking the Barbados economy. If you want evidence, you only need to go back to all the Budget presentations and you will see that every year there was a shift in terms of what strategy to adopt.

There was capacity building, then there was some other form of institutional strengthening and the strategy has not redounded to the benefit of the manufacturing sector, the agricultural sector or the overall economy of Barbados.

Sir, I intend to address the economy later. I am simply engaging in discussion with respect to the issues raised this morning.

H25/Sequence 23

2:40 p.m.

Monday, March 15, 2004

Continuation of... Mr. C. A. MASCOLL:

Sir, we were told about infrastructural solutions, the Barbados Water Authority and the need for, perhaps, private/public sector partnership at this stage in the provision of water. Apparently we already have it. Sir, what is happening on the Spring Garden Highway is already a partnership. If, indeed, we need to go further then, perhaps, we need to outline to the people of Barbados exactly where we are going with respect to the provision of water, such a crucial service that is being offered to the people of Barbados.

On that front, there is need for a comprehensive analysis as to where we are taking the Barbados Water Authority because there is major concern in Barbados as to whether there will be a hike in water rates, a hike in bus fares and, perhaps, there is need for a clear policy position with respect to the Barbados Water Authority and the Transport Board in particular.

Sir, we have an engagement on social capital and the importance of education, health, social security, and unemployment benefits and subsidised housing. I think that we are familiar with the emphasis that has been placed, not only by this Administration but this is just the continuity on social capital in Barbados. Sir, from the time that Barbados became Independent there was increasing emphasis being placed on education, health and other social services.

I think that it is fair to say that, perhaps, the area that is in greatest need in Barbados now is the area of housing. I wish to record my position in this Chamber.

Mr. Deputy Speaker, I am going to speak directly to the policy being enunciated by the National Housing Corporation. It is a matter that has to be addressed because it is an extremely critical matter. Sir, as it relates to the housing units in Deacons Farm area, those housing units were built in 1967. They are now 37 years old and there were people occupying those units from 1967/1968. The National Housing Corporation recently had a valuation done and they valued each unit just over \$46 000.00. The National Housing Corporation decided that it would sell the units at 75 per cent of the estimated value,

which therefore means that it offered the tenants of Deacons Farm a housing unit at \$35 000.00.

In recognition of the need to give some kind of provision and relief, the National Housing Corporation decided that it would discount 40 per cent of rents paid by the tenant. I wish this to be heard properly. If you are going to value the National Housing Corporation units in today's prices, you have to make adjustments to rents paid as well. Let me explain this, Sir.

In 1967 a tenant in Deacons Farm was paying \$4.00 per week. Over the years it increased to \$6, \$8, \$12, \$16, \$28 and \$35 a week. If you are going to a discount, based on rents paid to tenants, then you have to accept that you have now valued the unit at today's prices. Therefore, the \$35.00 a week being paid must be carried back to 1968 and then 40 per cent of it taken as a discount. It cannot be done any other way.

Sir, the National Housing Corporation is in fact adding all the rent being paid and it is not fair because you have taken a unit that was built in the 1960s, valued that unit 37 years old at today's prices and you are telling the tenants that you are going to give 40 per cent of the rent paid but you do not appreciate the argument that \$35.00 being paid today must be carried back to 1968. If not, you are going to disadvantage the older people who would have, in fact, acquired these units back in the 1960s.

Recently, I raised this at a public meeting and the Minister of Housing said, "You know, Mr. Mascoll understands the arithmetic and maths better than me but I am here to sell the houses". All I am saying is that there can be no harm in getting the National Housing Corporation to recognise that fact. Mr. Prime Minister, you as a trained economist would understand the concept of the present value of money.

Asides.

Rt. Hon. O.S. ARTHUR: M. Deputy Speaker, since the Honourable Member referred to me, is the Honourable Member for St. Michael North West prescribing that the people in Deacons Farm should get their houses free because they are owned by people who are living in St. Philip West and St. Philip North who should have to pay current prices for their houses?

Asides.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, again, the Honourable Member for St. Peter attempts to trivialise an argument.

Sir, let me say that, in fact, there are houses in Eden Lodge that were similarly built in 1967 and would be entitled to equal treatment. Sir, when you have houses like those at Rosemont and Ferniehurst, then you have to give different consideration because they are younger units in terms of the treatment discount given.

Let me go further on the matter of housing and the need for social capital in Barbados. We have to recognise that if persons acquired a unit in 1967, some 37 years later they cannot be spring chickens. These will have to be individuals who are in the 50s or 60s and what is being recommended cannot be executed because you are impacting very heavily on the older persons in the housing units. Let me

explain what I mean. A person who occupied a unit since 1971 in Deacons Farm and paid his/her rent continuously without any arrears, is now being offered that unit and land at \$19,000.00. Sir, remember that a house is not like a pair of shoes that can be bought with a receipt, you have to have title deeds in order to show ownership of a house. It therefore means that each tenant has to get legal services which will cost at least \$2, 500.00. The National Housing Corporation told the people that they would be given a rebate to cover minor repairs, changing of windows and repainting of the interior up to \$5 000.00. Unfortunately, tenants in Eden Lodge will receive a rebate of \$5, 000.00 but tenants in the Deacons Farm will only get a \$3,000.00 rebate. Sir, I do not understand it. That is why I queried this.

Sir, I am saying that the units at Deacons Farm are older than the ones at Eden Lodge. Therefore, more repairs would need to be done on the older units. You cannot give a rebate of a different magnitude for the units in Eden Lodge than the ones at Deacons Farm.

Sir, in any case, it must be understood that a rebate in this instance is not really a rebate because it is not a giving back of cash.

H25:Sequence 24

2:50 p.m.

Monday, March 15, 2004

Continuation of Mr. C. A. MASCOLL:

Sir, if the persons or the tenants have to repair their windows and do other repairs in the units, then in fact they still have to look for money up-front to do such repairs, and this is a major area of concern.

In actual fact, therefore, a person occupying a unit in the Farm who has paid his or her rent, according to what the National Housing Corporation's rent is, will have to look for at least \$19 000 plus \$2 500 to pay for the title deeds, plus money to pay for repairs, and for painting. It ends up being in excess of \$22 000 which that individual would have to seek to borrow.

Hon. G. A. CLARKE: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House. The \$500 rebate which the tenant will get in lieu of any repairs, means that if the repairs in any unit, throughout the various housing areas, were to a maximum of \$5 000, then the person would get that amount of money, which is \$5 000. Sir, if the repairs are only \$3 000, then he would get only \$3 000, and it is that way throughout the estates.

Asides.

Hon. G. A. CLARKE: That is how it is.

Furthermore, Mr. Deputy Speaker, I do not understand where the Honourable Member is getting this figure of \$25 000 for repairs. When we went through the list at National Housing Corporation a couple of years ago, it was never envisaged that repairs to any unit would cost more than \$2 000 or \$3 000. We would have put in the wells, the repairs would have been done to the windows and all of the parting

walls, so I am not sure that the Honourable Member is correct in his figure.

Mr. DEPUTY SPEAKER: Proceed.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, that explanation is as clear as midnight in the countryside. In fact, the Honourable Member for St. George North should be the last person to speak on this matter because he said during the election that the units would be sold at \$5 000.

The other thing, Mr. Deputy Speaker, is that in the letter sent to the Eden Lodge tenants and I will read:

“The Corporation will continue to maintain the sewerage system for the first five years after sale.”

Sir, at the presentation to the members of St. Michael North West, it was insinuated that the Corporation will maintain the sewerage system forever. Only after I raised an objection in the discussion, because I was in possession of the letter to the Eden Lodge tenants so it was in fact only after that, that I heard we have a situation in which the Corporation will now maintain the sewerage system ad infinitum.

Mr. Deputy Speaker, there are housing units in your constituency. There are housing units in several Honourable Members' constituencies in this Chamber. Therefore, when determining national housing policy, they should be consistent across the board. No one is seeking to disenfranchise or deny average Barbadians access to any house and land. You must understand this point, Mr. Prime Minister that, in fact, if a person borrows \$22 000 to purchase a National Housing Corporation unit, it therefore means that the person would have to be looking for in excess of \$600 per month to pay in a mortgage.

Asides.

Mr. C. A. MASCOLL: The important thing to note is that the person now pays in a four-week month, only \$140 per month, so the actual burden is more than quadruple on the individual. A unit that is already 37 years old, with a 15-year mortgage, at the end of payment would be 52 years old. Furthermore, as I said, pensioners would not have access to any mortgage. They cannot.

The other thing is that when I raised the matters that you should treat the units in the Farm differently from other units because of the age and, therefore, all the units should be treated specially because having acquired a unit in 1967 you are now well over 55...

Dr. W. F. DUGUID: On a point of order, Mr. Deputy Speaker...

Mr. C. A. MASCOLL: He does not know the facts about those things. Do you think you are pulling teeth?

Dr. W. F. DUGUID: I am going to show you the facts now.

On a point of order, Mr. Deputy Speaker,

Mr. DEPUTY SPEAKER: Please, continue.

Dr. W. F. DUGUID: The Honourable Member is misleading this House on numbers, and we all know that he is a number's man but his numbers are incorrect today. The reason his numbers are incorrect, Mr. Deputy Speaker, is because there is no way that when you amortise out \$22 000 over a 15-year that it could come to a repayment of

\$600 a month. There is no way at 6 per cent. I have amortised it out and it comes to \$150 for a month and not \$600. It is impossible.

Mr. Deputy Speaker, he is misleading the House and I want those remarks struck from the records.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I am not reducing this debate to any Matlock situation. Sir, making all this sport with people's lives in Barbados has to stop. When people are trying to make fundamental contributions in this Chamber and you are interrupted by foolishness, you have to be concerned.

Mr. DEPUTY SPEAKER: Honourable Member, you cannot refer to the contribution of an Honourable Member as foolish.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I withdraw.

I am saying that this is a serious debate and I am discussing a very fundamental issue pertaining to the enfranchisement of people in Barbados. I am not discussing trivial matters. I am saying that I have been asked to make a contribution in here, looking at the future of Barbados, which I intend to do in this debate and I will not be derailed by foolishness.

I am saying to you that I am concerned, not because I do not want anyone to have a unit, but you have to understand that you cannot value a 1976 unit in today's prices, and then not carry back the rent being paid by the individual, of \$35 per week to 1976 summit, and take 40 per cent. You have to do it that way, that is all I am saying and there is no need to interrupt me on foolishness.

I go further. Mr. Deputy Speaker, there are concerns raised, by the representative for St. Michael North West that you need to address. A pensioner cannot borrow in excess of \$20 000 to purchase any unit. He cannot borrow it, and from whom? You borrow on the ability to pay. A person who is already a pensioner getting a Government pension cannot repay any loan, so let us not get in here and treat this as a light matter.

I am saying to you that when I raised the matter, we were told there would be a special deal for pensioners. House 25, sequence 25,

3:00 p.m.

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Continuation of Mr. C. A. MASCOLL:

If there is a special deal for pensioners, then you have to consider a person who is not a pensioner who may be 55 or 56 years old and who in five years time may be pensionable, therefore you would have to look seriously at the issue.

Asides.

Mr. C. A. MASCOLL: I think the units are substantially overvalued, let not this Chamber be fooled. There are several valuers out there who hardly scrutinise properties but are writing reports for ordinary houses in Barbados at \$400 000 and \$500 000. They do not come into the house, they stay outside and make all kinds of comments. I can say that because it is a major comment that has to be made. Therefore, you are pushing housing cost way beyond the reaches of the average Barbadian on the basis of a few valuers who are doing it, so that is something that has to be looked at.

Hon. Miss H. E. THOMPSON: On a point of order. The Honourable Member is misleading the House on the issue of valuation, because the properties were not valued by the National Housing Corporation but by independent and qualified valuers who went into the units in the respective housing areas and made assessment of them.

In respect of the cost of units, after a valuation was given the first discount that the tenants benefited from was 25 per cent, hence a tenant is asked only to consider payment in the tune of 75 per cent of the value of the unit. A further discount is then taken off which is 40 per cent of rents paid up to date by that tenant. So whatever rent the tenants had paid over the years, the tenant will get back 40 cents out of every dollar they have paid. Then in consideration of repairs that may not have been fully executed, the tenant gets a maximum of \$5 000 rebate in lieu of such repairs. All structural defects are being fixed by the National Housing Corporation and the wells in the housing estates would be fully maintained by the National Housing Corporation. A value of \$2 500, or \$2.50 per square foot, because the units are on average of 1 000 square feet, is given as the value of the land, hence people are getting three-bedroom units for as low as \$15 000 in Deacons Farm. Some people are getting the units for \$5 000 and others are getting them for \$20 000 depending on how long they have been in occupation and what discounts they are getting for rents paid. So it is false and it is to mislead the House to suggest that reasonable discounts are not being given and that no consideration is being given to rents that were paid up to date.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I never said that. I am saying that I am entitled to have an opinion as to how the 40 per cent is calculated. I have stated my position and I am done with that. I am going to move on. I know that I am correct in principle and in policy and it is time to do something about it at the National Housing Corporation. I would move on.

Rt. Hon. O. S. ARTHUR: On a point of order. Mr. Deputy Speaker, obviously I would be responding to the Honourable Member and taking what he is saying very seriously. I just ask for one clarification for my notes. The Honourable Member is saying that he would try to find the net present value of the string of rents that were paid over the course of 37 years to derive the discounts, but if that gives a value that was greater than the value of the house, what would he do?

Mr. C. A. MASCOLL: In fact, it is substantially lower than the value of the house.

Asides.

Mr. C. A. MASCOLL: We have done it already. I am not going to be caught up in any tutorial. I will leave the tutorial for when I come to the hill and those who want to attend can come. I am stating categorically that we have to calculate the rents paid differently such that the 65- year-old lady in The Farm does not have to look for \$25 000 to borrow, then have to pay interest on that \$25 000 and then has a burden of repaying it when the month comes which is way beyond the \$140 paid in rent. Therefore, there is a need for the National Housing Corporation to revisit the methodology being used in determining the cost of the units being sold to the people of Barbados, and I done with that. Asides.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I now go on to the issue of stability versus transformation. The Prime Minister in setting the context for the Estimates spoke to the twin concept of stability and transformation. I wish to say here that development is in fact transformation and that development or transformation is a combination of growth and desirable change which would incorporate predominately social issues. So a discussion on the issue of stability within the context of these Estimates cannot be likened or compared with development. Development is a long-term prospect which is the sum of the short term and stability is the immediate concern of the Government.

Mr. Deputy Speaker, I do not know what has happened that all of a sudden it is requiring the Government now to focus its attention on the entrepreneurial role of the Government in addition to being excessively concerned about stability in the Barbados economy. I know that the Prime Minister, the Right Honourable Member for St. Peter, must be concerned about the performance of the economy notwithstanding the so-called growth we are hearing about. Mr. Deputy Speaker, I wish to explain this now within the context of tourism because tourism is said to be performing better than Sir Gary at this stage, yet still there was an admission this morning that we have been discounting heavily in the tourism sector in order to increase arrivals. There is no doubt that when you come to measure the contribution of tourism in Gross Domestic Product that a tourist from the United States of America is the same as a tourist from the United Kingdom once they stay for seven days. The way the value-added is calculated in tourism, it does not matter what the tourist is spending, it matters how long the tourist is staying. So once the tourist stays for seven days regardless of whether or not he or she is from the United States of America or the United Kingdom, bed nights are used to determine value added in tourism. I make the point because if it is the case that we have had to discount substantially in order to get tourists to come here then we have to be concerned about the impact it is having on our foreign exchange capacity.

In fact, Mr. Deputy Speaker, a major problem with Barbados' economy over the last seven years is that it is not earning foreign exchange. We have seen the almost demise of the manufacturing sector. We have seen the under-performance of the agricultural sector. We have seen the falling off of the international business sector in Barbados. We have been increasingly reliant on the tourism sector for our survival, so we have become almost like a one-legged economy in Barbados and I do not think that it can be denied again.

House 25 Sequence 26

3:10 p.m.

Tuesday, March 15, 2004

Continuation of Mr. C. A. MASCOLL:

It is admitted that manufacturing is underperforming and is going to come under severe pressure over time because of the impact of globalisation. The agricultural sector as we know it, with sugar being the major component, is also going to be under severe pressure, as was admitted by the Honourable Member for St. Peter in his Financial Statement and Budgetary Proposals last year. We know that the International Business sector has underperformed over the last number of years.

Mr. Deputy Speaker, therefore, we have to be concerned about the economy's capacity to earn foreign exchange, which has been a major concern for us over the last several years. In fact, I am on record as likening the Barbados economy to a tooth that has decayed and has created swelling. We have had to stabilise the Barbados economy but I think that we have failed to restructure it over the last 10 years. Sir, I do not think that anyone in this Honourable Chamber could deny that it would be better if we were more secured in terms of our foreign exchange earning sectors being more stable, more sustainable and more capable of delivering the goods for us, in the foreseeable future.

Sir, we cannot go back to the days when we relied upon one major sector to carry the Barbados economy, therefore, we have to be concerned about the issues and policies that have failed over the last 10 years in manufacturing, about the failure that has occurred in the agricultural sector and most certainly, we have to be concerned about the International Business sector that has not recovered or done well over the last two or three years.

Mr. Deputy Speaker, in terms of the justification for investment in the Barbados Hilton, the Right Honourable Member for St. Peter said that it was prudent to take the proceeds from the sale of the Barbados National Bank and invest it into the Barbados Hilton. Sir, the proceeds would have gone into the same account which was used. Therefore, if the tourism industry is profitable, why is it that we have been unable to attract investment in major hotel chains in Barbados in recent times? Instead, what we are having is an admission, because I want it known that commercial banks tend to lend to sectors and not necessarily to individuals. If a commercial bank sees that a particular sector is performing well, it is going to be very inclined to give loans in that area. That is why it has been encouraged to give loans for cars, housing and properties but it might not be encouraged to lend in other areas of the economy. Therefore, the commercial banking sector tends to target areas where it believes there would be an adequate rate of return on investment and the capacity to repay the loan into the future.

Mr. Deputy Speaker, I, therefore, wish to ask the Government once again, has it abandoned the prospectus for the Barbados Hilton? In that prospectus we were supposed to raise \$192 million to build the hotel, of which \$76 million was supposed to have come from the issuing of shares. That has not happened and, therefore, the entire load has had to be carried by the Government of Barbados.

Mr. Deputy Speaker, we know that the Barbados Hilton is the trademark that we are using and that a company is going to come and manage that property when the time comes but no person outside of Government has sought to invest any money in the Barbados Hilton. In the meantime, we have had a number of firms seeking to get involved in the provision of cellular services in Barbados such as

Digicel, AT&T, Sunbeach Communications Ltd., and others. It, therefore, means that there must be money in the Barbados economy. Therefore, the question we need to ask is, why are people not investing in Barbados, even though there is supposed to be excess liquidity within the commercial banking system? Sir, this is another fundamental question that has to be answered by any Government that is proposing to manage Barbados at this point in time.

Mr. Deputy Speaker, it is because there are very few areas of opportunities for good rates of return on investments in Barbados. That is why there has been increasing emphasis placed on the big boys of Barbados acquiring land and property and becoming involved in real estate, as opposed to becoming involved in productive enterprises.

Sir, the major emphasis has been, in recent time, on retail and distribution because anyone who understands the economy would know that with the liberalisation of trade and globalisation, Barbados is going to become an even larger buy-and-sell economy than it was in the 1970s, because persons can now access all kinds of goods, from all kinds of places, and resell in Barbados. Therefore, the so-called shopkeeper's mentality is going to become even more apparent in the Barbados economy.

Mr. Deputy Speaker, this is why we have been seeing the mergers occurring. This is why we have been seeing the Barbados Shipping and Trading (BS&T) Groups of Companies and others who, at one stage, had gotten out of the retail sector, especially supermarkets, are now clamouring to become involved again in selling goods to the Barbados community because they understand what the future holds. They understand that the future of Barbados is not in manufacturing, in agriculture nor in International Business, and with tourism becoming more important, the emphasis for the investor is once again on retail and distribution. Sir, a major point of recognition is why is it that in spite of excess liquidity, there is no clamouring to become involved in the areas of the export sectors in Barbados?

Mr. Deputy Speaker, recently I have heard a lot of discussion on our ability to earn and to be involved in the export side of things. We have stood idly by for the last 10 years and have allowed our real exports to decline, and I am not speaking about tourism. If an individual wants evidence, let him or her check the Barbados Central Bank's report and he or she would see that in real terms, Barbados' export of goods has declined. Therefore, 10 years ago that ought to have been a major source of concern for this Administration instead of now.

Mr. Deputy Speaker, I recall that in 1994 when the Government relieved the manufacturing sector of 2.5 per cent of import duty, the members of the private sector said that they would have responded by creating 18 000 new jobs in one year's time. This was a major headline in the Nation Newspaper of Barbados.

Asides.

H:No. 25 (27)

3:20 p.m.

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Hon. N. A. LYNCH: On a point of order. I hate to interrupt the Honourable Member. Sir, he said that with excess liquidity in the system that people are not lining up to invest in the tourism industry in particular. This is an attempt in my opinion to mislead the Honourable House.

Mr. Deputy Speaker, since the new Tourism Development Act approximately 19 months ago, there has been in excess of \$366.7 million of new investment before the Ministry of Tourism for interim approval. These projects are predominantly, hotels, villas, restaurant and sports and recreational facilities.

Sir, as a matter of fact, last year, 2003/2004, a total of BDS\$70 million in private sector investment has been before the Ministry of Tourism for investment in the tourism sector.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I will invite the Honourable Member for St. Michael South to get access to Central Bank reports and to read studies on investment in Barbados because we should not be fooled that application for investments translate into real investment.

Asides

Mr. C. A. MASCOLL: Mr. Deputy Speaker, let us look at some of the real issues. I now turn to the Estimates with respect to this debate. I thought it necessary to engage this Chamber in discussion surrounding the framework within which we intend to move forward. There is a lot of discussion especially by the Honourable Member for St. Peter that when you do not look at things in a contextual way, then you have not addressed substantial issues in this country. Yet, when you address the matters, rather than listen carefully to what you are saying there is always a bombardment from that side.

Sir, I suspect that having served in the other Chamber, that I now recognise that when you are speaking on real matters, that there are attempts to sidetrack and this is done by way of points of orders in order to stop you from flowing. The thing about it is that the issues are not of any real substance, just like the Honourable Member for St. James South who intervened on an issue that she would have adequate time to speak to in this debate but felt it necessary to intervene.

Therefore, I want to address some of the substantive issues in this fiscal...

Rt. Hon. O.S. ARTHUR: On a point of order. I have been given some misleading information about the country's exports and I must correct the Honourable Member. In 1985 our exports stood at \$502 million. Under the Democratic Labour Party in 1991 it plunged from \$502 million to \$269 million. This Government has brought it back over the course of the last ten years but the plunge in Barbados' export was decreased by almost 50 per cent. These things should not be allowed to stand on the record.

Asides.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, this is exactly why there is need for debate because we all know that a major contributor to exports in Barbados at this point in time was Intel Barbados. Therefore, if you go on the other side, the imports side, you will have to net off the imports of Intel Barbados as well.

I am saying that the Prime Minister certainly cannot come here and attempt to boast about the exports performance of Barbados over the last several years because we have seen a dramatic fall, especially in real terms. The figures that you see in the Central Bank Report do not account for prices. Therefore, these are normal figures. It is like saying that you are much better off than a man in 1990 because you have more nominal dollars than that individual. You have to consider what the purchasing power of the worker would have been in order to determine the real state of the individual at that point in time. Therefore, I would not allow the red herring to use me and detract me.

Sir, in terms of fiscal discipline, we had an idle boast this morning that we have been able to recover the fiscal position to 2.6 per cent to GDP. A lot of assumptions are made about the state of health of the Barbados economy. We were told that the reason we were able to recover is because we are able to contain current expenditure. We were told that we are able to cut and contain capital expenditure but what we were not told is that a lot of the capital works programmes which we are now doing are in fact, I repeat, off-budget, and therefore, would not be captured in the central accounts of Government.

Sir, when we built the Bridgetown Harbour it was part of the central government's account. When we built Seawell Airport it was part of the central government's accounts. Now that we are expanding the airport and sea port and we are engaging in the Hilton Hotel, these major projects are not part of central government. I am saying that again we need to analyse the truth about the overall spending of Government.

It was not denied that in the last two years Government spent \$440 million from the Special Deposits and it would not have been captured in Government's fiscal deficit. That kind of analysis has to be done. In spite of the fact that we are saying that we are containing expenditure, it was not captured.

Rt. Hon. O.S. ARTHUR: On a point of order. The Honourable Member is grossly misleading the Honourable House. The Barbados Industrial Development Corporation and other entities have throughout time carried on capital without being shown on budget. The truth is that the revenues of these institutions, for example, the Port. If you are going to show the revenue on budget then you have to show the Port's revenue and budget. Sir, the revenues of the Port, Barbados Industrial Development Corporation, Caribbean Broadcasting Corporation or all of the institutions that the Honourable Member is referring to are not being shown on budget. If you make expenditure on budget, you have to do the budget as well.

Mr. Deputy Speaker, I want to make the point that over the last 50 years a number of commercial projects by State enterprises have taken place and are not part of a central government expenditure. This is not new and if we are going to change the deficit for one year, we will have to go back and change it for the 50 years and bring not only the expenditure but the revenue as well.

Sir, the Barbados Port Authority is carrying out a programme from its own resources. What the Honourable Member is saying is that we should show the expenditure on the Budget but not the Port's revenues.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, we were told in here this morning that the Government is embarking on an entrepreneurial role.

H25:Sequence 28

3:30 p.m.

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Continuation of Mr. C. A. MASCOLL:

Sir, the Government is admitting that it is adjusting its fiscal deficit. The Government is containing its expenditure of capital on the current side yet still it does not want to admit that in terms of pursuing an entrepreneurial role, the expenditure at the Hilton Hotel, Grantley Adams Airport and at the seaport would constitute part of the thinking of this Administration because it is in areas like the Hilton where you are emphasising tourism and in areas like the seaport where you are emphasising trade that your entrepreneurial strategy would be clearly identified.

Sir, the Honourable Member for St. Peter said this morning that he is shifting his focus to being more entrepreneurial but the items on which money is being spent, the Hilton Hotel, Grantley Adams Airport and the seaport are entrepreneurial in nature. Therefore, I do not understand why the Prime Minister would rise to debate with me on this issue when he outlined a strategy of becoming more entrepreneurial in the future.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, on a point of order. The Honourable Member now wants to confuse the House by moving from a statement of entrepreneurial to a statement of the deficit and to say this Government, for the first time, is having off-budget projects.

Sir, the Democratic Labour Party built the Sir Frank Walcott building and it was never shown as part of the Government's expenditure because National Insurance revenue is not shown as part of Government's revenue. Sir, throughout the whole history of Barbados from Independence, Government, through its agencies have carried out a number of commercial projects and the expenditure on those commercial projects have not been shown as part of the expenditure of the central government because the revenues of those enterprises are not part of the revenue of the Government. If we are going to talk about the deficit, you have to subtract expenditure from revenue. How are you going to show the expenditure without showing the revenue? Mr. Speaker, he is seeking to escape from this point but it is the point of this issue and talking about becoming entrepreneurial is not coming to the heart of the matter. Sir, he is misleading this House by causing the impression to be cast that this Government, for the first time, through State enterprise, is carrying out activity of a commercial nature.

Sir, BIDC built all the factories through the same process that they are building them now because BIDC revenue is not shown in the Estimates. CBC is carrying out an expansion programme but the expenditure cannot be shown because CBC's revenue is not shown as part of the revenue of the Government. Mr. Speaker, what foolishness are we hearing from this bogus economist?

Mr. C. A. MASCOLL: Mr. Deputy Speaker, this is precisely why there is need for discussion because the Prime Minister is on record as saying that he does not have to come to Parliament to take up money and lend to the Hilton Hotel, the Grantley Adams Airport or the GEMS but certainly, you are

still spending money. It is in that regard that I say there is need for reform because over \$440 million was spent and there is no place for it to be accounted in the Estimates now or before. Therefore, you cannot say that it is bogus economics.

Sir, the Prime Minister needs to understand exactly what I am saying and it is time that the public of Barbados tunes in to get an appreciation for what is happening in Barbados. No one can deny the Government spending money off-budget but it is still expenditure.

The Government took up money, lent it to an organisation, there has been no source of accountability and in that regard I am suggesting, Mr. Deputy Speaker, that in our process of reform, we have to understand the need to bring such large sums to Parliament for approval. We came to Parliament for approval of \$21 in a supplementary but we did not have to come here for \$440 million expenditure. Something has to be wrong. Sir, if we are talking about entrepreneurial, then there is nothing more entrepreneurial in your approach than the Hilton Hotel, the airport and the seaport.

Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House by casting that information in the context of the deficit. He is clearly talking about matters relating to governance and not to the deficit.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I started by saying that the reason why we are not seeing the kind of deficit is because of how Government has approached the spending of money in recent times. Mr. Deputy Speaker, it is as simple as that. I do not understand how I could be contradicting myself when I started off by saying that the only reason why there is not a bigger deficit in Barbados is because we have chosen the off-budget route. Sir, I am saying that the Central Bank's Report confirms this in its analysis in the last economic review.

Mr. Deputy Speaker, it cannot be disputed. I move on because they cannot win arguments like that with me.

Asides.

Mr. C. A. MASCOLL: You took money and loaned it to an organisation that is off-budget but you have spent the money and it is not accounted for within central government. Therefore, it underestimates the overall spending of Government, that is the point.

Mr. Deputy Speaker, I was accused of inciting comment out of Trinidad and I found it rather unfair. I was accused of assisting the Trinidadians in something. I do not understand it, because when the Right Honourable Member for St. Peter went to a session at Sherbourne with the private sector to make a presentation, at the end of the speech, he paid a cryptic, almost insignificant, respect to the fiscal affairs of Barbados. He said we need to address the fiscal deficit at the end of the Press Release.

Sir, I thought the session was convened to discuss how the Right Honourable Prime Minister was going to get out of the fiscal difficulties that were being mentioned. Sir, I felt that the whole arrangement was being used to mask the underlying difficulties with respect to the finances of the economy.

Mr. Deputy Speaker, I am now being told that I encouraged someone to do something but at the time the issue was to do purely with fishing in Trinidad. Sir, nobody in Barbados knew anything about the law of the sea or about maritime. We were invited as the Opposition and we attended the session to understand issues pertaining to the law of the sea. Sir, I am completely ignorant with respect to maritime matters, so too is the Prime Minister on this issue. I listened carefully to the Press conferences and he was dodging. I am saying that we as a country must respect our limits.

H25/Sequence 29

3:40 p.m.

Monday, March 15, 2004

Continuation of Mr. C. A. MASCOLL:

Rt. Hon. O.S. ARTHUR: Mr. Speaker, on a point of order. The fact that I am not speaking about the Law of the Sea issue is because the matter is before a U.N. Law of the Sea for resolution. Clearly, Mr. Speaker, I am not going to be treating to a matter once it is before a court effectively for resolution. Sir, to say therefore that I am dodging the issue is really to ascribe to me motives in my behaviour that are quite incorrect and improper.

Mr. DEPUTY SPEAKER: Honourable Member, I think you should withdraw that statement, please.

Mr. C. A. MASCOLL: I withdraw. I know my ignorance and I have not a clue about maritime matters or matters pertaining to the Law of the Sea, so I respect people who have not been trained in those areas to have knowledge. I do not feel that we can just speak about these issues without being informed. We acted well as an Opposition. To this day, we have not been briefed. We went and listened outside of this Chamber, downstairs, to matters but we said we were supporting the Government on the matter but we did not have the issues at hand to debate. We cannot debate.

Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, I describe the last comments as an exercise in sophistry to suggest that the Opposition was not briefed in the matter pertaining to the maritime dispute between Barbados and Trinidad and Tobago.

Indeed, Mr. Deputy Speaker, this House deliberately adjourned its business on that afternoon at five minutes to five, after the ministerial statement by the Honourable Member for St. James Central, so that all Honourable Members of this House, including the Opposition, unless they do not consider themselves to be members of this House, and the members of the Senate, could receive a briefing, not just from us, but indeed, from the international consultants who are under the service of the Government of Barbados.

Therefore, I am not sure, Mr. Deputy Speaker, what the Leader of the Opposition is referring to, but really and truly the record speaks for itself.

Mr. C. A. MASCOLL: We were treated like decimal points, that is, a decimal point's importance is determined by its placement. We were told that there would have been a meeting of the Lower House

and when we got there, we had all kinds of persons there.

Hon. Miss M.A. MOTTLEY: On a point of order, Mr. Deputy Speaker, to begin with, the only other categories of people who were present at that briefing, were Members of the Upper House of this Parliament, as well as Permanent Secretaries and Heads of Departments who advise the Executives, as the Chief Advisors of the Executives of this country.

There were two categories of people, Parliamentarians and Permanent Secretaries and Heads of Departments, and they received the first briefing within less than 24 hours of the Government invoking dispute settlement procedures with the Government of Trinidad and Tobago.

Mr. Deputy Speaker, we are waiting for the Opposition to brief us on their commitment to the World Trade Organisation (WTO) ten years later. We briefed them within 24 hours, and they now say that because they were not briefed separately in a room alone that they were not briefed.

Mr. Deputy Speaker, if the Leader of the Opposition can assure us that he will ensure that the stand of the Opposition is not that this matter can be resolved by a bowl of soup over Glenburnie, I will undertake to brief them this afternoon after Parliament finishes.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, let me go on to say, we are fully supportive of the Government on this issue.

Asides.

Mr. C. A. MASCOLL: Sir, you cannot make decisions in life unless you have knowledge.

Mr. Deputy Speaker, I now want to turn to some very major issues, as I said, within the context of the Estimates but, before I get there, I would like to speak about a matter of security. Recently, we have been informed about some plane that stopped in Barbados on its way to Zimbabwe. Again, years ago Cuban planes were landing in Barbados to refuel to go on to Anguilla and the then Opposition made it public knowledge, and it created a furore. I think it is fitting that we, in the Opposition, are told about a plane that was eventually confiscated by Robert Mugabe in Zimbabwe that apparently had mercenaries. I will leave it there, because again, my knowledge is limited but I just felt the need for us to be informed of that matter.

Asides.

Mr. C. A. MASCOLL: Recently, a plane that was confiscated in Zimbabwe is said to have contained mercenaries and that it landed here in Barbados for refuelling at some point in time. I do not have a clue. I do not know if you have a clue. I am just saying that, and this is not meant to be malicious.

Mr. Deputy Speaker, the security guards, janitors and red caps at the Grantley Adams International Airport are now in a state of limbo, and they have complained. They do not know whether or not they would be rehired by the new company. They do not know whether or not the promise of putting these workers in the civil service or public service would be realised. Therefore, they have asked me to

enquire for them during the course of these Estimates what will be the status of the janitors, the security guards and the red caps at the Grantley Adams International Airport when the new Company fully takes over.

Right now, they are being requested to apply for jobs at the new Company. They do not know what criteria will be used to determine how they would get a job under the new company, but apparently some member of Government has indicated that those who are not hired by the new company at Grantley Adams International Airport, would be incorporated into the civil service of Barbados.

Asides.

Mr. C. A. MASCOLL: This is what they told me, so I just want it to be noted in this Parliament that, in fact, there is concern among the workers at the Grantley Adams International Airport, with respect to the whole question of their status of work.

Mr. Deputy Speaker, I think we all know that the QEH is still a bone of contention. Barbadians are not yet convinced that the institution has returned to the days of efficiency. They are not sure and, therefore, there are concerns at the QEH with respect to, again, the status of workers and the capacity of workers to get adequate compensation or to be adequately enumerated, when the institution falls under a Board. Those concerns have been raised again by workers at the QEH.

Mr. Deputy Speaker, there are several concerns being raised by Barbadians, with respect to the Transport Board. House 25 sequence 30,

3:50 p.m.

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Continuation of Mr. C. A. MASCOLL:

The workers at the Transport Board are uncertain as to the real issues at the Transport Board, about the extent to which the Government is sinking in terms of downsizing the Transport Board and the extent to which Government intends to invest more heavily in delivering transport to the people of Barbados. The concerns for the average Barbadian rest around what is going to happen to bus fares as to whether or not there would be increase in the foreseeable future, how it would impact on the workers of Barbados, how it would impact on the overall productivity and how it would impact on absenteeism. Therefore, there are concerns with respect to the workings of the Transport Board at this time and what the future really holds or portends for the workers at the Transport Board.

Mr. Deputy Speaker, we are all concerned about the direction of the Fair Trading Commission. Given its recent history, we have seen the resignation of legal counsels, accountants, the Minister and the Chairman. Therefore, I think it is only but fitting for the public of Barbados to get an understanding on what is the state of play at the Fair Trading Commission. Of course, legislation has recently been passed to increase the board members, but while they are being increased the workers are not comfortable within the environment of the Fair Trading Commission. Again, it is only but reasonable for whoever is in charge of the Fair Trading Commission to give the workers some assurance about

their future and about the overall state of morality within the institution which has implications for the ability of the Fair Trading Commission to deliver services to the people of Barbados.

Mr. Deputy Speaker, there are several concerns with respect to the future of agriculture in Barbados. I think we are all aware that with liberalisation there is going to be some significant impact on the ability of local farmers to offer agricultural products at cost-effective prices to be able to compete effectively with goods from within the region and outside of the region. In fact, I think that there are several persons involved in agriculture who may be looking to get out in the hope that Government may change the land use policy and allow for them to invest in real estate, housing or some other area of economic activity because they find it extremely difficult to make ends meet in agriculture. In Christ Church and certainly across Barbados there are several persons who have expressed concerns at the downturn in the growing of agricultural produce.

Mr. Deputy Speaker, we also have concerns as it relates to what is really happening in telecommunications because notwithstanding the abundance of advertising and the abundance of apparent competition, several consumers are beginning to recognise that the perceived benefits which they might have derived are not necessarily benefits when they get to understand what is being charged by the other companies offering cellular services. In fact, there are several debates on a daily basis in Barbados that the companies are not necessarily offering anything major in terms of reduction and that the opening up of the market while it is exciting from the point of view of choice, is not exciting from the point of view of benefit or gain to the consumer and has become a major problem for the consuming public of Barbados when they finally begin to understand the methods being used in pricing the services delivered by the cellular companies in Barbados. It therefore means that Government has strengthened the Fair Trading Commission but we have to be very careful to ensure that the benefits of competition that we heard about as justification for liberalising the telecommunications sector redound to the benefit of the people of Barbados so that we can justify the liberalisation of telecommunications in Barbados.

Mr. Deputy Speaker, there are severe concerns in Barbados with respect to the educational system and what has happened in the area of EduTech. Again, we have not seen any major benefits resulting from the EduTech programme which was supposed to bring about fundamental change within the educational system of Barbados but as yet has not started to show any real benefit to Barbadians involved in the provision of education. Therefore, it is now becoming a concern for the persons involved in education that the product which they are seeking to finish is not necessarily the product that they were hoping to accomplish. Therefore, we are not seeing any substantial gains by way of performance in the educational system as a result of the EduTech programme that was entered into in a meaningful way. This is dealt with in the Auditor General's Report and will be dealt with in more depth by the shadow minister of education. So, Mr. Deputy Speaker, we are raising some fundamental concerns as it relates to the governance of Barbados.

Mr. Deputy Speaker, I accept that a one-year financial programme cannot determine the future of Barbados. If we had to do a paper analysis of this Administration we would have to go back over the last five to ten years to determine whether or not the budget presentations and the focus of the Estimates were healthy in terms of deriving benefits for the people of Barbados. As I speak to you, Mr. Deputy Speaker, the workers in Barbados, especially public sector workers, do not feel that they have benefited any in the last ten years. In spite of the so-called economic growth that has occurred, the public sector

worker who is getting only two per cent increase per annum has not been able to realise any major gains in his standard of living and has been kept off the capacity to own a piece of land or a house in Barbados. Therefore, when you evaluate the present position of the public servants vis-à-vis other workers in Barbados, a public servant has now fallen relative to the private sector worker. Mr. Deputy Speaker, back in the 1960s and 1970s it was the pride of a school leaver to get a job within the public service of Barbados because it offered upward social mobility, but it is now the case that public sector workers who have been asked to carry the burden of adjustment over the last ten years are finding repeatedly that within the equation of workers they are losing their relative position vis-à-vis the private sector worker in Barbados. Therefore, there is a need for us to ask the question who has really benefited from the last 10 years of the Barbados Labour Party Administration because it is not clear that the workers have and it is not clear who has benefited except the owners of capital in Barbados.

House 25 Sequence 31

4:00 p.m.

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Continuation of Mr. C. A. MASCOLL:

Mr. Deputy Speaker, when we look at the fact that Government has boasted about economic growth and at the provision of social services within Barbados, we would see that the health services have declined and that education is not performing the way in which it had during the 1960s, 1970s and 1980s, and that is a fact of life. Let us look at the performances of children leaving schools and one would see. As one looks at the overall social services provision in Barbados, one could only conclude that we have not gone forward at the rate we were expecting over the last 10 years.

Mr. Speaker, this is a fact of life and can be seen in an economy that was growing. It can be seen in finances, in an economy where there was excess liquidity; in an economy where there were excess profits in certain sectors of the economy. It can be seen where the average Barbadian cannot boast of having moved forward effectively, relatively in the last 10 years under this Administration. Therefore, there are concerns being raised repeatedly by Barbadians that in spite of the so-called green grass growing around them, they are not able to eat this grass in the way in which other cows have been able to do so over the 10 years, and it is becoming a major source of concern for the average Barbadian.

Mr. Deputy Speaker, therefore, I would want to express some concerns about the general direction of the Barbadian economy, concerns in terms of the creation of sustainable jobs; the creation of foreign exchange; the creation of opportunities for investments and the creation of opportunity for small business persons in Barbados. There are concerns that larger companies are merging and are reducing the opportunities for small businesses in Barbados. There are concerns about the capacity of average Barbados to earn, and about the male population when looked at in terms of its marginalisation. We have to be concerned as a country that when one looks at tertiary level education, the ratio of female to male is 80 females to 20 males at the University of the West Indies (UWI). It must be a major cause for concern in this society.

Asides.

Mr. C. A. MASCOLL: There have been reduced expectations on the part of males. What is happening is that the question of responsibility is not being embraced by males at an early age that a situation still exists in Barbados where young females are being asked to get more marks to enter the same school as boys. That kind of responsibility has, in fact, started so early that it has given the females an advantage. It focuses the female from early to do better and to work harder.

There is also the situation in the home where the females are being asked to be more responsible in terms of home chores, while the young boys are being allowed to play games as much as they like. Therefore, what we are having is a development of the females at a rate that is faster than the males and they become far more responsible. This is now being translated into who are getting good jobs; who are owning cars; who are owning houses or who are getting higher levels of tertiary education.

I am not against what is happening, I am still saying that in the same way in which females have fought for equality, what we are now seeing is a certain degree of marginalisation of the males within the society.

Asides.

Hon. Miss B. A. MILLER: Mr. Deputy Speaker, on a point of order. The Honourable Member cannot have it both ways. How well known is it in Barbados that to this day, girls fighting for the same seat in the secondary school system have to get a higher mark than boys in the 11-plus examination?

Mr. C. A. MASCOLL: Mr. Deputy Speaker, I am using that as a positive. What I am suggesting is that bout of discrimination against the females actually helps them to become more focussed at an earlier stage. Therefore, what we are having is that focus, that discipline, that higher commitment, and they are responding more readily and more quickly to the task of responsibility. It is a good thing but we have to be careful that we are not allowing our males to escape on a route of irresponsibility, which is ultimately translating into a situation in which, as they reach tertiary level education, there is a vast outnumbering of the males by females.

Sir, while I understand and accept that on the other side females might be happier, we have to be concerned, given the fact that there are, indeed, more males than females under the age of 25 and that there are more males than females under the age of 19. Therefore, when one looks ahead, unless there is migration, as has occurred during the early 1960s and 1970s, there is going to be a predominance of males over the age of 45 in the next 20 years.

Mr. Deputy Speaker, if we do not get a situation in which we address the problems being experienced by the males in Barbados, then the overall society and the economy would undergo serious problems in the next 15 to 20 years. Therefore, we need to address the question of our education provision.

Mr. Deputy Speaker, let me explain a debate that has recently occurred in Barbados with respect to absenteeism in the workplace. If one wants truly to study absenteeism in the workplace, one has to study absenteeism at school as a forerunner because one does not become that way overnight. Therefore, there is need perhaps for a study to be conducted by the Ministry of Education with respect to absenteeism in the schools because it has to do with the question of being focussed and of adopting

responsibility at an early age. Therefore, in an attempt to understand, and I have been trying to understand why it is that males have been falling by the wayside in our society more so than females.

Sir, I have no problem when it comes to females, they should be encouraged, they are being encouraged, and of course, people know how I feel about females. Sir, of equal concern is the fact that the Barbadian society is predominantly male below 25 years and that in the absence of migration, it will be so in the next 20 years up to age 45. Therefore, it has to be addressed now.

Mr. Deputy Speaker, I believe that what might have occurred is the question of hope and expectation because young Barbadians leaving schools during the 1960s and 1970s were able to choose jobs. Barbadians leaving schools now have greater difficulty in getting access to a job. What is happening is that in the 1960s and 1970s, as people left school and went to work, those persons' first consideration was how to acquire a piece of land. Therefore, he or she would have put aside some savings in the hope that he or she could have acquired that land.

Mr. Deputy Speaker, in spite of all the so-called transformation that has been occurring in the country, what has happened is that the expectation of the male in particular, has been reduced and, therefore, the hope of acquiring house and land has been significantly reduced and has not served to be an inspiration. It, therefore, explains why there is overpopulation in the National Housing Corporation's units across Barbados. This overpopulation is a direct consequence of persons not being able to move on.

H:No. 25 (32)

4:10 p.m.

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Continuation of Mr. C. A. MASCOLL:

Therefore, that is why I was suggesting that in terms of the treatment of National Housing Corporation units you have to look at the history and culture of those units across the respective area. Sir, my analysis is not unfounded. They are concerns that have to be addressed by us. Sir, they are concerns that must be addressed by any Government that is seeking to plan for the future of Barbados because in the absence of doing so, we are going to mis-diagnose and we are not going to prescribe the right kinds of policies and programmes required to bring us to a state of development that we are hoping could be achieved in Barbados.

We cannot develop our human capital if we ignore what is happening to the males in our society because we would not be focussing on the future of Barbados. Sir, Barbados has always benefited from its human capital. Barbados has placed enormous emphasis on its human capital and it has benefited substantially over the last 40 years. If we do not put that same kind of emphasis on the one resource which we have in abundance, ultimately, we are going to undermine the economic and societal base we are seeking to establish.

Mr. Deputy Speaker, a word to the wise is enough. We cannot talk about human capital development in an era when your most abundant resource, the male resource, is not creating the kind of capital it ought to create for the society. This ought to be a major area of study for any future governance of Barbados.

Mr. Deputy Speaker, I therefore want to say that, notwithstanding the need to understand Estimates, we really need to understand what we have to confront as a country in the foreseeable future as well as the distant future and to understand the challenges we confront here locally. The process was aborted after the social upward mobility that occurred since the 1960s. There was supposed to be the enfranchisement of businesses across Barbados where Barbadians move to the next level of ownership. This has to be a major source of concern for us as a country because we have to be in a position where average Barbadians can move to the next rung on the ladder in terms of social mobility and not be restricted to be employees forever but at some stage become employers as well.

Mr. Speaker, in that context I expect that the Estimates would be fashioned in today's Barbados to make sure that the correct emphasis is being placed on the areas of expenditure that would allow us to pursue our dream of enhancing the human capital development of this country.

Mr. Deputy Speaker, on that note, I am convinced that the presentation made this morning by the Right Honourable Member for St. Peter was an admission that over the last ten years we have not travelled on the correct path of economic growth and development and that the shifting of our focus from capacity building to institutional strengthening and now to entrepreneurial concerns is a direct consequence of the failure of our strategies over the last seven to ten years because, way back then, we should have been positioning Barbados.

In fact, we admitted that we borrowed money to assist the private sector in repositioning during trade liberalisation, yet we never spent those resources in truly repositioning the business community of Barbados. Instead, we have chosen in recent times to put \$145 million of those funds into the GEMS project. We have also chosen to put an amount into the Hilton Hotel and other areas of endeavours.

Sir, it is my contention that there has been the admission that we have not moved on the correct path of economic growth and development and we are now seeking in this budget, after not pursuing the right policy prescription over the last seven years, to relocate the Barbados economy and society as it should have been done over the last seven years.

I spoke ad nauseam to the need to restructure the Barbados economy. While we were successful in the stabilisation programme, we did not succeed in repositioning the economy to the extent where tourism is the only sector we are relying on to take us forward and this has to be a major source of concern for the Government.

Sir, I understand the need for fiscal reform and the need for cosmetic changes as to how we run the finances of Barbados but I also understand the need for more effective human capital development and more effective public sector programmes to locate adequately the Barbados economy. In the absence of such emphasis we are not going to be pursuing the right path of transformation for this economy.
(16:17)

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Continuation of... Hon. Miss M.A. MOTTLEY: We are only now embarking on the process of the State as an entrepreneurial actor in this economy.

Sir, before I go to the tangible evidence of the State as an entrepreneurial actor, the very same GEMS and the Hilton Hotel of which he complains, represented two tangible investments by the State acting as an entrepreneur to facilitate development within the tourism sector in circumstances where members of the private sector would have been reluctant to do so on those risks, as in previous times when a previous Democratic Labour Party Administration would have done so in the 1960s with the construction of the first Hilton Hotel. Sir, as in previous times when a Barbados Labour Party Administration with the Heywood Village which his party took up and sold for next to nothing to maintain within the tourism sector.

Sir, one, perhaps, only has to refer to the speech which the Right Honourable Member for St. Peter made this morning when he referred to the speech which he gave at the summit in Monterey where he spoke for three minutes on the issue of growth with equity and made the point that there were four things which were necessary to achieve growth with equity and that Barbados' standard of living was surpassed only by two countries in the hemisphere, and that the formula which has been adhered to by the Government of Barbados was based on four premises. One, sustained investment in social capital and human development; two, a commitment to maintaining open systems in relation to your economy and social sectors; three, an appropriate enterprise culture and four, the State playing an entrepreneurial role.

Sir, to suggest now that this Government is now signalling a call for the State to play an entrepreneurial role defeats the Honourable Member's own speech and the examples in which he has given in his speech, the GEMS and Hilton, but runs counter to exactly what the Prime Minister asserted as the reasons for Barbados' success in maintaining the quality of life that we have enjoyed thus far.

Therefore, I say to this Honourable House that if that alone were to represent the quality of debate by the Leader of the Opposition, then I am afraid that if he were marking his own script he would have to give himself zero out of ten.

Sir, I cannot tarry on that because it is significant that in the course of this debate the Leader of the Opposition was unable to engage in any meaningful way on a comparative analysis on Barbados' economic performance in relation to its past, neighbours, the hemisphere and, indeed, the developed world; whether one assesses the economic indexes in terms of a look at the deficit, the ability for the Government to bring the deficit back in line, having attained the purposes that we set out in running a larger than normal deficit that is maintaining the levels of employment in the post September 11th situation - a deliberate decision was taken after consultation with the private sector and the labour movement of this country, to maintain a higher percentage of governmental activity to keep the performance of the economy at a certain level at a time when uncertainty was the only characteristic

which was palpable after September 11th - having taken a look at the fact that apart from bringing the deficit back down to 2.6 per cent in this financial year that is ending and proposing a similar level for the financial year that is coming and that we have been able to maintain healthy foreign reserves.

We heard the Right Honourable Member for St. Peter speak of the fact that foreign reserves for the first time is now over \$2 billion when looking at what is within the Central Bank and under the control of commercial banks in Barbados. Unemployment is back at 10 per cent at the end of December 2003, at a time when other countries across the world complain about growth with joblessness. Sir, when we look at inflation it is maintained at less than 2 per cent. When we look at all of these indexes of performance, the one which must continue to concern us relates to our trade deficit, and the Honourable Member spoke of that at length and underscored the need why an economy in transition such as ours must continue to attract high levels of direct investment if we are to move forward and to ensure that we can make the transition successfully as we seek to reposition sectors in this economy.

Sir, do you know what is so strange? Since 2002 the Right Honourable Member for St. Peter came to this Honourable House and spoke of the excessive reliance on tourism, the challenges that the Government is facing in relation to being able to buttress manufacture and agriculture, particularly given the commitments that were given by the Democratic Labour Party Government in April 2004 to the international community, vis-à-vis the dismantling of our protective measures, non-tariff and tariff, that protected our agriculture and manufacturing for decades. This Government rather than having to play with a free hand, has had to deal with the question of the restructuring of this economy construed by the commitments given by a previous Administration in relation to what is permissible as policy support for those sectors of our economy,

Sir, let us be real because even with the State playing an entrepreneurial role, there is only so much that can be done in manufacturing and agriculture to be able to help boost those sectors.

Sir, it is strange that over the course of the last three years we have seen this Government put in place sources of capital, whether it is in the context of successor institutions to the Barbados Development Bank, we have seen this Government establish in particular an industrial employment fund to be capitalised to \$25 million, with \$15 million already having been committed to it. We have seen this Government being able to help manufacturing concerns to prepare themselves for the transition in respect of being competitive at a regional and hemispheric level, we have seen this Government put in place technical assistance programmes to help the manufacturing and agriculture sectors and we have seen this Government take deliberate measures to support a Buy Local Campaign because it is our contention that there should not only be a reliance on governmental policy to be able to reposition the manufacturing and agriculture sectors but that all other available options before us, including the deliberate action of the Barbadian public to support their own should be part and parcel of the support measures in the manufacturing and agriculture sectors.

Therefore, I have no hesitation in being able to reflect on those examples as indicating the kind of support that this Government has put in place to help ensure that we can help restructure and reposition this economy.

Sir, there are a lot of false tears when the Leader of the Opposition talks about not supporting the sale of the Barbados National Bank or the Insurance Corporation of Barbados. We live in a world today

where if those entities are not capable of competing, they will fall under. The reality is, the reason that we are seeing the kind of consolidation within the financial sector is because they are clearly preparing themselves to compete in a market that is bigger than the shores of Barbados, whether within the Caribbean Single Market and Economy or ultimately within a hemispheric level within the Free Trade Area of the Americas.

Mr. Deputy Speaker, within the private sector the merger of CIBC and Barclays is once again tangible evidence of the threats that face financial entities who need now to ensure they can compete against larger entities once the markets are open. Similarly, the range of products offered by banks has to expand if they are to be responsive to the needs of economic growth in the context of the early part of the 21st Century.

Sir, we understood that the Barbados National Bank needed a strategic partner if it was to survive and play that role and be as important to economic development to Barbados in the early part of the 21st Century as it was 20 years ago.

H25:Sequence 34

4:30 p.m.

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Continuation of Hon. Miss M. A. MOTTLEY:

Similarly, the Insurance Corporation of Barbados (ICB).

We have made no apologies about the fact that we have to find a strategic partner for the ICB. If ICB is to be able to survive and be competitive, in the context of a market that will open up and the increased pressure that it faces from a world that is now bent on over regulation, not just as a means to protect countries from money laundering and counter terrorism financing but, in my view, as a means of a non-tariff barrier for the restriction of the expansion of entities in our part of the world.

Mr. Deputy Speaker, these are the real challenges that we face. Today, the Prime Minister spoke at length about the further restriction of our policy options as a Government, to be able to bring about economic development and just development in this country, where by 2007, measures used by us over the course of the last five decades will not be under threat and subsidies or incentives used as major instruments to be able to bring about the kind of equitable growth in this country, that we have seen across Administrations, will be a measure that they will wish to take away from us.

Mr. Deputy Speaker, when you add to that other battles just as the ones that I face, for example, in treating to the Financial Action Task Force and the Caribbean Financial Action Task Force, where there is a commitment to over regulation and a one-size-fits-all prescription that would seek to cause us to implement measures that would cost so much that any benefits gained from aspects of the financial services sector would be lost because of the extent to which you have now to meet the same standards across the board, as large developed countries would have to do. These are the real challenges, Mr. Deputy Speaker, faced by us as we seek to govern for tomorrow, while meeting today's needs. Sir, the

balance, as has been stated, is one that must be maintained at all cost.

Sir, we said clearly that we do not support the mantra of the international financial institutions that would seek to abolish the deficit completely as a characteristic of modern budgeting. We said so, because like the late Right Excellent Errol Walton Barrow in the first Parliament after Independence, we understand the critical importance of deficit financing in a country whose historical profile has meant that the majority of persons do not have access to the same levels of capital to build and create wealth in this country, either at the individual or the corporate level.

Sir, by the same token, we accept that because of our reliance on sources of funding has been constrained by the transition of Barbados from a developing country to a middle income country, as is evidenced as recently as March 1, by the Presidential Executive Order in relation to GSPs for Barbados. We understand that there has to be greater reliance on the private capital markets and to that extent, apart from our own concerns, there would be a concern as to the profile of our macro-economic stability in relation to our ability to continue to govern well and to provide for the future.

These, therefore, require the kind of balance that the Prime Minister spoke of today. In that context, there will be issues of governance as well, and there will be issues pertaining to the philosophy as to the role of the State and the role of central government. One of the things that he put on the table very early this morning is that there has been, over the course of the last three decades in Barbados, far greater State activity taking place on an increasing basis than that which is represented by the programme of central government alone.

Indeed, the growth of statutory corporations and the increased range of matters for which they took responsibility, would have been the first major step in that direction. Therefore, for the Leader of the Opposition to suggest that these Estimates and this deficit do not reflect the entire programme of Government, as if this was the first year this was happening, would be an exercise in dream land. At no stage since the increased use of statutory corporations to conduct State activity, have these Estimates ever reflected the entire framework of the State's programme, as it relates to the State of Barbados.

Sir, we can go back to the Port Authority. We can go back to other Corporations like the National Housing Corporation, and certainly within the last ten years, the Caribbean Broadcasting Corporation that has not relied on annual subventions for its operations, and more often than not in recent times, the Transport Board, and to the extent that they rely on the Government, it is more in the context of governmental guarantees for debt.

Sir, we have gone another step, and the other step in terms of the institutional framework, was the use of limited liability companies in which the Government was the majority or in some instances, the sole shareholder, in circumstances where it was understood that this level of flexibility in terms of capacity to act, was preferred than the cumbersome nature of the statutory corporation which, over the course of time, took on almost all of the characteristics of central government.

Sir, the late Honourable Member for Christ Church South spoke in here at length on these issues, and certainly in the last decade, about the extent to which statutory corporations behave more and more like central government. They did not have the nimbleness of response and the flexibility that was required, particularly when dealing with quasi commercial or commercial transactions or functions.

Mr. Deputy Speaker, in the context of the last decade, we have seen greater use of companies like Caves of Barbados Incorporated, Hotels and Resorts Limited, all of which carry out State functions, but who are incorporated under the Companies Act and their structure and their governance are prescribed for under the Companies Act of Barbados.

Mr. Deputy Speaker, just as those things have developed and evolved over the course of our governance, as an independent State, we have come to the point now where we also recognise that the days of Government undertaking solely the provisioning of public infrastructure in this country cannot continue. As the Prime Minister said, we need to find new institutional and governance arrangements that allow for these services and functions to be carried out, while at the same time, ensuring that the high standards which we require of them are maintained.

Mr. Deputy Speaker, this is not unique to Barbados. Indeed, in 2002, the United Nations Economic and Social Council stated these words to describe private/public sector partnerships, that there was a strategic necessity, rather than a policy option. Sir, anyone who has done reading in this area, would know that forms and variations of public/private sector partnerships have been used as far back as the 19th Century by the French Government, but in recent times, over the course of the last 20 years, by governments such as the United Kingdom, governments throughout Asia, Latin America and indeed, in the United States of America and Canada.

More and more it is an acceptable form of prescription for governments, in seeking to carry out a wider range of public infrastructure projects at a quicker pace, largely because you do not have the lumping of the capital cost at the beginning of the project and through the course of the project in terms of debt. What is shown on the books are staggered periodic payments, reflecting the use of the project over a protracted period of time, then a reversion of the asset to the state, at the end of that period.

Mr. Deputy Speaker, the contractual arrangements placed obligations on both parties to ensure that there is an incentive to be efficient, to do so within budget, to do so with a view to maintaining high standards of delivery, to do so with a view to ensuring that any regulation which is necessary by the Government, the standards can be met by the particular entity. Sir, the facts speak for themselves.

House 25, sequence 35,

4:40 p.m.

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Continuation of Hon. Miss M. A. MOTTLEY:

Mr. Deputy Speaker, the experience of the united Kingdom in the use of these projects to deliver public infrastructure as opposed to using traditional methods of procurement in relation to these projects has shown them saving 17 per cent in addition to the other benefits of increased efficiency and the benefit of being able to reflect the payments as they are utilised rather than a lumpy capital sum that is maintained on the budget over the period of time which thereby precluded the Government from being able to pursue other projects of a public nature to the benefit of the country.

Mr. Speaker, we have spoken about these and we have started to see examples of them such as the halls of justice and the redevelopment of the Coast Guard. More and more, Mr. Speaker, you will see the utilisation of these types of methods of public\private sector partnerships to be able to build public infrastructure in this country. That must not be confused with joint venture arrangements such as the Hilton Hotel or the State playing an entrepreneurial role such as in the Hilton Hotel and the GEMS of Barbados because they are completely different things, although there seems to have been an obfuscation of the two in the speech of the Leader of the Opposition. Mr. Deputy Speaker, the Leader of the Opposition spoke about the fact that we have not brought to book expenditure on these projects, but as the Prime Minister said, you can only calculate a deficit by subtracting expenditure from the revenue. The Honourable Member for St. Lucy can tell him that. Therefore, if you have not included in this book items of expenditure and revenue at the same time, you cannot selectively speak about Government hiding expenditure at the Port, at the Airport, at the Hilton Hotel or in other projects.

Mr. Deputy Speaker, I hope this matter could be settled because as parliamentarians we have a duty to maintain a standard such that the public is not misled into believing that there are things which are hidden from them when in truth and in fact this is no different from the fact that the National Housing Corporation's budget has never been part of central government's expenditure for the majority of our lifetime since the Corporation has been established. The Government through the National Insurance Scheme pursued projects like the Frank Walcott Building which was never reflected in the Estimates of Revenue and Expenditure of the day. Therefore, Mr. Deputy Speaker, we must not come in here to fool the good people of Barbados that we are seeking to do something that is not known and acceptable in our system of Government and governance. Mr. Deputy Speaker, I hope therefore that this matter can be laid to rest.

Mr. Deputy Speaker, I want to come quickly to speaking about the major initiatives in my Ministry during the course of the next financial year and perhaps I shall start with the same public/private sector partnership where I ended generally because in the course of the next year we anticipate that the Halls of Justice project will start. We are in the process of concluding negotiations with the Caribbean Commercial Bank who obviously because of other matters in court pertaining to its sale would have received some hiccups over the course of the last three months, but I am satisfied now with the judgement that has been rendered in court on Friday that they are in a position to continue the work in relation to completing the detailed drawings and the negotiations with us as it relates to the implementation agreement such that construction can start soon. Indeed, Mr. Deputy Speaker, on the 2nd of March we received correspondence from them updating us as to their work and as to the short-listing of all of the persons who pre-qualify on the project so that they can go to tender shortly.

Equally, Mr. Speaker, we are also in the process this year of undertaking the construction of the civic centre at Tamarind Hall, St. Joseph which would see the construction of a police station, a magistrate's court, a library and a post office so as to be able to service the needs of the residents of St. Joseph as this Government is committed to the provision of proper civic centres in all parishes so that there is not an excessive reliance on services in Bridgetown and that persons can access those services in the communities in which they are required. I hope in the future to satisfy the needs of the Honourable Member for St. Thomas as well as the Honourable Members for St. Philip South, St. Philip West and St. Philip North by having one at Six Roads as well. That is in planning.

We are also hoping to be able to bring to fruition the conclusion of negotiations with the Barbados Tourism Investment Inc. relating to the construction of a police station at Dover which would ultimately replace the police station at Worthing which I think all of us would agree is not in the best location. We had to supplement its operation through the provision of a police station in St. Lawrence Gap which has been wonderfully successful in allowing us to maintain a strong law and order presence. Mr. Speaker, I keep making the point to this Honourable House that at a time when our CARICOM neighbours continue to complain about the rate of crime, and we sympathise with them, that last year we were able to record a 17.3 per cent reduction in crime, for January a 14 per cent reduction and the provisional figures for February suggests that there is a further 15 per cent reduction between February of last year and February of this year. So there has been a sustained trend of decline in the statistics pertaining to crime not just to tourists but across the board in the entire society particularly in firearm crimes. So we are really very grateful both to the population as a whole and also to the Royal Barbados Police Force for their dedication and the good work they have been doing particularly over the course of the last two years. Mr. Deputy Speaker, we believe that District 'A' Police Station has been carrying the burden of policing in greater St. Michael for too long and to that extent we need to have another substantial station in the St. Michael area. Therefore, we have been in discussion with the Barbados National Bank to conclude negotiations for the construction of a similar police station in the Wildey area. The Barbados National Bank has been discussing with us the construction of that station and the leasing back to Government while maintaining a similar public/private sector partnership as we have been doing. Mr. Speaker, that represents an aggressive programme with the private sector. At the same time, Mr. Deputy Speaker, we are completely refurbishing the Crab Hill Police Station in St. Lucy. I am sure the Honourable Member for St. Lucy would be very happy that this work would be undertaken very shortly because the people of St. Lucy deserve to have a modern police facility to be able to help maintain law and order in that parish. There may be a point of difference as to the location between the Government and the Member of Parliament but the judgement of the police force is that it should go back to Crab Hill. Mr. Deputy Speaker, we are nearing completion of a major new station at District "E" in Speightstown because as you know the one on top of the hill had virtually fallen down.

Mr. Deputy Speaker, I have spoken about the physical rehabilitation that these Estimates speak to and other things, but they do not speak to the \$26 million loan that would facilitate over the next 18 months the modernisation of the telecommunications system of the Royal Barbados Police Force for the first time in three decades. However, they do speak to the fact that we have hired a consultant to come on board to help the Commissioner and his members to review every single rule and procedure within the Royal Barbados Police Force to make sure that the rules and the procedures reflect the needs of a modern police force in circumstances where they have in many instances been in existence for over a century and therefore bears no relationship to the environment or the society within which the police must now function.

Mr. Deputy Speaker, that is as critical a piece of work that is to be done as is the actual procurement of the equipment to modernise the telecommunications systems and the construction of the hardware that would help to allow information and action to move quickly, smoothly and efficiently within the force itself.

House 25 Sequence 36

4:50 p.m.

Tuesday, March 15, 2004

Continuation of Hon. Miss M. A. MOTTLEY:

Mr. Speaker, I have asked the Commissioner of Police to meet with the Police Association and his senior members, to look at the issue of accelerated promotions and other improvements and benefits within the Force, to help us to provide all that is necessary to allow the Force to continue doing the good work it has been doing, while recognising that it needs to tighten those areas in which it has been deficient, either in their relation to the public or its performance as a unit.

Mr. Speaker, I have not spoken about the continuing modernisation of the courts or to the fact that the justice project this year would see us working towards the introduction of elements of improved case management. I have not spoken to the fact that, for the first time, we are hoping to give the judges judicial assistants to be able to help them do the necessary research and for them to perform and to produce judgments on a quicker basis.

I have not spoken at length about the fact that we should shortly be receiving the National Task Force on Crime Prevention Report that would allow us to settle the National Plan on Justice, Peace and Security as a major hallmark for this year and to begin the implementation of the measures therein contained. I have not spoken to the fact that in the year we would see the legislation brought for the convergence of the Central Emergency Relief Organisation (CERO) to the Barbados Management Agency, or that this is the year that we will continue the work to ensure that the Post Office could complete its business plan and could look at how best it could corporatise - not privatise - its structure, with a view to ensuring greater flexibility, and to be able to attain a level of competitiveness in relation to the area in which it is charged to deliver services.

Mr. Deputy Speaker, there are other matters but suffice it to say, I am satisfied that not only has this Budget sought to balance fiscal prudence with development and transformation but in real terms, it is a set of policies reflected by statements or by figures that will allow this Government to govern for tomorrow, would meet the needs of today, by ensuring that we could treat to a lot of the pressing needs. It would, therefore, allow us to develop the infrastructure to provide the work for the policy development that would allow greater policy flexibility and options for the development of this economy and this society.

Mr. Deputy Speaker, I want to commend the Right Honourable Member for St. Peter, the Ministry of Finance, and the line Ministries for allowing us, in these difficult and challenging circumstances, not to lose our perspective as it relates to a philosophy as a Government that needs to be an agent of change and transformation but ensuring that those who feel that people who transform are always reckless, that allegation cannot be levelled against us because we are being prudent while, at the same time, meeting those needs.

I am obliged to you, Mr. Deputy Speaker.

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

Mr. D. St.E. KELLMAN: Mr. Speaker, I rise to take part in this debate.

Mr. Speaker, it is regrettable that the debates in this Honourable Chamber are not up to date as I speak. Sir, what I heard this morning is a clear indication that Government has recognised that they have made an error over the years and that they should have taken and implemented those policies which were given to them by the Opposition.

Mr. Speaker, it is clear that they have used the tool of foreign reserves as the measurement for progress. Therefore, one could only consider that they have used the base years of the 1990s as the reason and as an example of what not to do in order to be a popular Government. That is, they have recognised that in the early 1990s when the Democratic Labour Party had good foreign reserves, they were able to have used that as a tool to take across Barbados and to “bad talk” the Democratic Labour Party. They have made one pledge to themselves, which is that they would need to make sure they sell everything outside of Barbados to have enough foreign exchange to buy the necessary goods and services that are needed.

Mr. Speaker, even though the economy was not growing, the Government of Barbados was using that period to sell their assets and services so that they could increase the foreign reserves of Barbados, so that whenever they were being attacked, the first thing that they would say is that the foreign reserves are at record level.

Sir, the truth is that it has now come to a stage where the Government cannot sell any more assets of Barbados and that they must be able to use the productive forces in Barbados to maintain the foreign reserves and to try to increase them.

Sir, we, the Opposition, have been able to point out to Government that instead of selling out the gold of Barbados, which is our land, that it would have been better to have entered into an arrangement with returning nationals of Barbados or those living overseas who have large bank accounts. We had proposed that it would have been better to offer those person 2 per cent interest more on their investments in trying to attract them to Barbados so that the foreign exchange which they had banked overseas could have been easily brought back to Barbados. This could have been done with the only cost to us being an additional 2 per cent of local currency, which would not have cost us any foreign exchange. Furthermore, we would have a foreign exchange gain and our foreign reserves would have been higher.

Mr. Speaker, over the years we have seen some of our best companies being sold to persons within the Caribbean and otherwise, which has not increased the investment climate in Barbados. What we have seen is a situation where local investors were deprived of their rights as investors and where they have now been converted into silver. In other words, they had this and it was liquidated into cash, the cash is now in the banks of Barbados, and we are now bragging that we are so liquid that we have \$2 billion in savings, but where is the investment? The investment can be found in the hands of other people but we have the savings in our banks.

Mr. Speaker, what has happened over the last number of years is that those persons have bought our

investors out and are now using our working capital, which can be found as the savings in the banks of Barbados, to run the companies. Therefore, where are we? We are back to square one because previously the companies were owned by Barbadians but are now owned by outsiders.

Mr. Speaker, if we wanted to do anything, what we should have done was to have created a climate for them to create new investments. Sir, that is why I do agree with the Honourable Prime Minister that we need to see an increase in investment because instead of an increase, we saw a drop in investment.

Sir, that is a very serious matter because as a Government, what we have done, is to have liquidated our own people because previously they were investors but now there is cash. Sir, it also means that they are not in a position to protect our trade deficit because persons who have invested are also manufacturers in other forms and they will use that capacity to dump their goods on Barbados.

Mr. Speaker, it means that the clout that the private sector previously had in Barbados will not be had anymore, and that it is now easier for a businessman in Trinidad to influence the budget decisions in Barbados more so than our local people.

H:No. 25 (37)

5:00 p.m.

Monday, March 15, 2004

Continuation of Mr. D. St.E. KELLMAN:

Sir, some people in Barbados get vexed when certain companies buy other companies in Barbados but I do not worry about that because it is better for Barbadians to expand their capacity to be able to compete than allow themselves to be downgraded in their own country. Sir, the C.O. Williams, the R.L. Seales and BS&Ts of Barbados increased their capacity by buying other companies.

Sir, Barbadians must stop criticising those companies. A few years ago, they had a reason to do so but now that we are in a globalised world and trade liberalisation is on our door step, the capacity building of our local companies will have to be the most important thing.

Sir, we need to build capacity in Barbados for our local investors. It is clear to me that we are more globalised in our thinking, especially the members on the Frontbench, than localised. It is clear to me that the concept of localisation has not caught up with them because they only think about the globalised world and this is why it is easy for them to speak about mechanisation against local labour.

I have said before that we need to have a study on mechanisation in the sugar industry because we have not gained as a country by mechanisation. Sir, we have lost because of mechanisation. Barbados will only go forward when we attract people to do the things that Barbadians cannot do because a machine cannot replace a man. Sir, whenever a machine is used, we are sending our resources out of Barbados. It is better to bring persons into our country because they spend money to develop capacity but when the machine is used, the money goes from the company to the person who manufactures the

machine.

Sir, we have to understand that we cannot generate foreign exchange and sent it out of the country but we need to retain it in the country. It is not about revenue but about building foreign exchange but not in the way Government has done it. Sir, it has to be based on capacity and not on sales. I was happy to hear the Prime Minister admit this today. He also said that we must download new investment and I agree with him because this country needs some new investment.

Mr. Speaker, I have written for almost two years about the importance of having increased capacity by new investment. We have to understand that we must have a serious look at cotton. I can assure the Government that the Democratic Labour Party will not bad talk them as they have bad talked us when they sought to bring a cotton project to help develop the foreign exchange of the country. Neither will we bad talk them now that they are seeking to exploit their oil reserves. We will not join with anybody to go against them as they did to us in the early 90s. We will be on board to make sure that every citizen in Barbados gets better. We will not use it to get cheap political gains as was done to us in the early 1990s.

Sir, we will rise to the occasion and show them the importance of the independence that was brought to this country by the Right Excellent Errol Barrow. Sir, no one can teach us about independence because we understand that we have to build this country. We need to get the Government but we are not going to bad talk the country to get the Government. We will show the Barbados Labour Party that we have creative, new ideas and that we will debate them on the Floor.

This is why I am not surprised that after ten years in the waiting that Government has finally admitted they have made an error and that they should listen to the Opposition. Sir, had they listened to the Opposition, they would have been able to multiply the foreign exchange at a faster rate because they would have implemented the new projects and ideas given to them.

Sir, we did not hide them. We came to the Floor of the House and explained them. The Honourable Member for the City will tell you that when we discussed the Resolution on returning nationals that I brought the idea here first even though it was used against me to get votes. Sir, they told the returning nationals that I did not like them even though I was able to get them to bring their money into the country.

Mr. Speaker, Government must understand that they have failed as it relates to the markets. There is a new market in Bridgetown but whenever you pass, the vendors are outside of the market. I have told the Government that we have moved from that era, that they cannot take people back three hundred years, that we need to create incentives to encourage vendors to buy vans so that they can go to the consumer instead of the consumer coming to the vendor.

Sir, these ideas will work because after this is done with the produce from the land, it can be done with the produce from the seas and there will be nothing called a glut because wherever there is a scarcity, the supply will be carried to it. Also, the fishermen will not have to catch 6 000 instead of 8 000 because they do not have a market since we are now opening up new markets and capacity will be increased.

Sir, I am glad to see that the Prime Minister has reached where Sir Harold and myself reached many years ago, that is, the accrual basis of accounting. The Honourable Member for Christ Church East and the Honourable Member for St. Philip South would agree that we have traversed this road for a long time, that we have been able to put this point and I am happy to see their acceptance.

Mr. Speaker, the Honourable Member for St. Michael South was the first person to pick up my point, copy it and put it to the test. I am glad because we need to understand that if tourism is to go forward it will not do so by the brand name hotel. Tourism in Barbados will only go forward when we implement a proper community tourism product. Sir, it is regrettable but I cannot believe that the Honourable Member for St. Michael South can now gloat about community tourism.

H25/Sequence 38

5:10 p.m.

Monday, March 15, 2004

Mr. SPEAKER: Please, please.

Mr. D. St.E. KELLMAN: Mr. Speaker, this is the same Honourable Member who was heard saying that he did not want any \$20 tourist in Barbados.

Asides.

Hon. N. A. LYNCH: Mr. Speaker, at no time in my life did I say anything about not wanting \$20 tourists in Barbados. I would like that struck from the record, Mr. Speaker.

Asides

Mr. SPEAKER: Order, please. Honourable Member if you were referring to the Honourable Member and making an accusation, the Honourable Member denied.

Asides

Mr. D. St.E. KELLMAN: Sir, you are the judge. I want to see what you are going to do.

Mr. SPEAKER: Please, please. This Chair does not determine veracity and the rules of the Chair determine that you are not supposed to impute or tell untruths. Could you withdraw and let us move on, please?

Mr. D. St.E. KELLMAN: Mr. Speaker, you know that if you ask me to withdraw, I am going to withdraw. I will never disrespect the Chair, Sir. I always respect you even though one day you gave the impression that I was making comments in this Honourable House that were not acceptable to this House. I think that you need to apologise to me for that even though you do not ask the Chair for an apology.

Asides.

Mr. D. St.E. KELLMAN: Seeing that the public got the impression, you need to tell the public that you were not referring to me.

Mr. SPEAKER: I was not referring to you. That is correct. I was a little upset that day and you thought I was referring to you.

Mr. D. St.E. KELLMAN: Thank you, Sir.

The Honourable Member for St. Michael South is on record in this Honourable House accusing me of talking foolishness whenever I spoke about community tourism.

Asides

Mr. D. St.E. KELLMAN: Sir, everybody in Barbados knows that the Honourable Member for St. Michael South is known to repeat later everything that I said, after cursing me. I can assure you that before these Estimates are finished, you are going to hear him speak about a new tourism plan as though it is new to this Parliament even though you would have heard it from me before.

Asides.

Mr. D. St.E. KELLMAN: Sir, I would not be surprised that it would have something to do with World Cup 2007. I can withdraw anything that the Honourable Member asks me to withdraw because he would repeat what I said on another occasion.

I am saying that we have to understand that in order for Barbados to move forward we have to get back to the base. Sir, in order for us to get a good foundation for tourism we have to get back to the people. The tourists cannot be telling us that our best asset is our people and we are ignoring it. It has been proven in Oistins, Moon Town, Baxters Road and now Silver Sands.

Sir, I am saying that goodwill that has been created, we have to exploit and understand that we do not have to spend more because we have the capacity and we have to maximise it. Sir, we have to empower the people. Tourism cannot only be for those who have large sums of capital but it must be for the ordinary man in the street.

Mr. Speaker, that is the difference between the Democratic Labour Party and the Barbados Labour Party. We understand that in order to develop a good tourism product we must first bring the people onboard.

Sir, some people thought that I was against certain people who are in all-inclusive tourism but I am glad today that those in all-inclusive tourism did not accept the advice given to them by the Honourable Member for St. Michael South. However, they finally understood when I told them that in order to reduce their cost they should allow the tourists to leave their properties and go out into the community. Now that they have implemented that change, they have realised that their profits have increased, even though I have not billed them for consultancy fees.

Asides.

Mr. D. St.E. KELLMAN: We have to understand that there are going to be persons who are going to put stumbling blocks in the way of the small man and try to badmouth him whenever they see him trying to develop himself. Sir, we will be hearing about security, protection and all sorts of things but one thing I can say is that anytime you have a property and you sublet part of that property and you hear a noise, the first thing you are going to do is get up and look to see what is happening.

Sir, this foolishness about if you allow community tourism to flourish that the tourists are not going to be secured. Our culture is of such that we look after the people that are in our homes and if they are part of us, do you think we are going to ignore them? Sir, would you allow somebody to burn your house down to get at the tourists and not realise that you and your family are going to be without a home?

Mr. Speaker, those persons who do not understand the workings of the poor should never try to speak about the poor. I am telling the tourism people to leave the poor people alone because when they attack them, they are attacking me and I am going to represent the poor people. Sir, community tourism belongs to the masses of Barbados and they should also have a share of the cake.

Mr. Speaker, we also have to understand that if we want to develop tourism we have to do so in three stages, primary, secondary and tertiary. Those people who are at the tertiary stage look after their friends who own guest houses and villas. Therefore, the primary stage would now have to be for community tourism.

Sir, we also have a role to play in community tourism. We cannot develop tourism unless we have proper roads. The Minister of Finance, the Right Honourable Prime Minister, must allocate enough money to the Minister of Public Works so that when the tourists want to see beautiful Barbados, they would not be distracted by the potholes in the roads. If we have truly developed a tourism plant, then we have to develop the roads. If someone is driving, regardless of how beautiful the scenery is and they drop into a pothole in the road, that pothole would leave a lasting impression on them and we need to avoid having such a situation.

Sir, those persons who believe that St. Lucy does not belong to Barbados and there is no need to repair roads in St. Lucy, I want them to know that the tourists traverse the roads in that parish too.

Asides.

Mr. D. St.E. KELLMAN: Mr. Speaker, I cannot believe that the Honourable Member for St. George North can sit between the Honourable Members for Christ Church East and St. Philip South who travel on Kellman Road almost every weekend and they cannot tell him that they had problems with the shocks on their vehicles. In addition to that, the roads going towards Judge Gap and St. Lucy Church are in dire need of repair.

However, the problem with the Honourable Member for St. George North is that because there are no housing units in St. Lucy, he does not have to survey the Government's property in St. Lucy.

Asides.

Mr. D. St.E. KELLMAN: We have to understand that we are at a very critical stage of our development and even though the Government would have used the past nine years to earn foreign exchange through the sale of land and property.

H25:Sequence 39

5:20 p.m.

Monday, March 15, 2004

Continuation of Mr. D. St.E. KELLMAN:

Sir, there comes a time where they have to find inflows, and those inflows can no longer be maximised from the sale of land and property. The Government must also understand that because of the usage of large tracts of land, it is now creating a particular social climate in Barbados. Sir, Barbadians are happy to have investments but they are also interested in owning a piece of land and getting a house.

We have to understand, Sir, the policy given to this country since 1994, when I called on the Government to acquire large tracks of land and to use the Ministry of Public Works - and I want you to listen to this again, even though I know you heard it many times before - to put in the amenities and sell back the land to those persons at the cost of the land. It is true that Government has tried, in a way to adopt that policy with a back-hand approach, by going into Bridgetown and the urban tenancies, using the same policy and then estimating the cost of the land and coming up with a figure of \$2.50 and then selling it back to the people, believing they were tricking me, and also taking the same land, putting it in a land bank - and this is a rather interesting one, Sir - and waiting for an opportune time, Sir, because they argue that the previous two periods, there was no need to use the land as an attractive apple to capture the eyes and the imagination of the public of Barbados, but they will use their land bank, Sir, at a convenient time to treat it like a carrot, in the eyes of people who are starving and who want a piece of land.

I would not be surprised that at the time, the same idea that I gave them, Sir, about using MTW to put in the roads, that they are quite prepared to use MTW to put roads, lights, water and everything into that same land, and sell it at the \$2.50 per square foot to achieve a goal.

I hope, Sir, that goal will be in the interest of the country and the masses, but once they are forewarned, I am sure that they would not be able to trick these persons. I am saying we have to understand that the development cannot be only about votes but about pushing forward the country in the interest of every person.

There is another thing, Sir, I do not believe that I should come here every year and debate and discuss these Estimates. Sir, when I finish debating and discussing these Estimates, I cannot go to my constituency and tell them that x amount would be spent on them. You cannot do the same thing and

not one Honourable Member in here can tell their constituents how much of this money would be spent on them but yet, I am supposed to come, for five years, dressed up in my nice gear and try to impress the public of Barbados that I am making a contribution, when I cannot tell my constituents what they are going to get from these Estimates.

I am saying, Sir, if we are going to make changes, then every ministry that can divide their Head should come prior to the Estimates, as was tried by the Honourable Member for St. Philip South. I do not have to apologise for that. He tried it and liked it, and he tried it at Rural Development Commission. That is a sensible Minister.

I could call the Rural Development Commission and find out how much money would be spent on housing and roads in my constituency. I am saying that is how all Ministries should be done. I am not coming in here and voting more than \$1 billion in revenue and do not know how one cent is going to be spent in my constituency.

I want a commitment from the Government that by next year, the same way we are looking at going to the accrual system, the Heads would be split per constituency, where possible. It is the only sensible way. The public likes justice and fairness and I know this is fairness. I know that when the public hears this, they would like it because the Honourable Member for Christ Church East would know how many roads will be repaired in his constituency. The Honourable Member for St. John and everybody here would know, and everybody over there as well. My friend from St. George South would not have to complain that he is not getting any roads but St. George North is getting all. Neither would my friend from St. Michael East have to complain about house spots in his constituency, not even my friend, the Honourable Member for Christ Church West, or any of my friends on that side.

Sir, if you want to be my friend, then you have to join this debate. If you do not join this debate and agree with me, then you are not my friend. Therefore, you all have to decide where you stand on this particular issue. You have to decide if you stand with the people or you stand with selfishness.

No one Minister, Mr. Speaker, should be allowed to get all benefits for himself or herself, because you should be entitled to some and all of us should be entitled to some, and there is a need by the public to make a decision on this particular matter.

I thank you very much, Sir.

Dr. W. F. DUGUID: Mr. Speaker, I thank you very much for the opportunity to make my contribution to my first Estimates debate. I also have to thank the people of Christ Church West for their wisdom in sending me to this Honourable Chamber to represent their interest in this debate.

I am not an economist, Mr. Speaker, I am just a simple dentist. I know when somebody is trying to pull the wool over my eyes and I can also see when somebody is trying to mislead the people of this country. I sat here in this Chamber and heard the Leader of the Opposition make an erroneous statement when he purported to say that the people who were going to buy National Housing Units would have to pay \$600 a month to repay a loan of \$21 000.

Mr. Speaker, it cuts me to the core to see how he could come to mislead this Chamber in such a

manner. I got up and challenged him on it and he came and talked about if it was pulling teeth. I have heard people talk about him as Malik with teeth, but if he came to my place, he would be without teeth and he would look more like Malik than he does today.

Mr. SPEAKER: Please, no need to go that route.

Dr. W. F. DUGUID: Mr. Speaker, I was encouraged to go and get a schedule on amortisation for mortgage payments, and I am going to make it a document of this Honourable House. Sir, for a loan of \$21 000 at an annual interest rate of 6 per cent and a loan period of 15 years, the loan repayment per month would be \$177.21, not the \$600 that the Leader of the Opposition first said. I want to make it a document of the House.

Mr. C. A. MASCOLL: Mr. Speaker, on a point of order. I have to admit that it is very hard to deal sometimes in Parliament, but the Member is misleading the House.

House 25, sequence 40,

5:30 p.m.

Monday, March 15, 2004

Continuation of Mr. C. A. MASCOLL:

Just let me explain that a person who is 60 years old can only get a five-year mortgage, that a person who is 50 years old can only get a 15-year mortgage and that a person who is 55 years old can only get a 10-year mortgage.

Asides.

Mr. C. A. MASCOLL: I come to this Chamber to be serious about politics, but sometimes I wonder about it. Mr. Speaker if you are getting a loan say, for \$25,000 to purchase one of these units in The Farm and you are 60 years old, you have to have a qualifying income of \$1 397 per month and you would have to pay a monthly mortgage of \$489. Mr. Speaker, if you are 50 years old you can only get a 15-year mortgage and you have to have an income of \$622 per month to qualify for a \$25 000 mortgage. As you can therefore see, the older you get, the more income you would need to have to qualify for the same amount of mortgage.

Mr. Speaker, I am simply saying that notwithstanding the intent, you have to understand that the policy is disadvantageous to the older person. Mr. Speaker, I am therefore saying that the extent to which you pay a mortgage is determined by the life of the mortgage. Therefore, no person at age 60 can get a 15-year mortgage. I went to the credit union and made sure that I understood these issues. So I am therefore saying that you cannot have... In fact, I will sit, I done talk.

Dr. W. F. DUGUID: Mr. Speaker, I am not going to accept any of that voodoo economics and I am going to put the point further because an elderly person who is hoping to buy their unit can join with a younger person in the family to be able to access a 15-year loan.

Asides.

Mr. SPEAKER: Honourable Member, earlier in your speech you referred to voodoo economics. I am simply asking you... No insulting remarks intended! Proceed please.

Dr. W. F. DUGUID: No! No! That was certainly nothing directed at the Honourable Member. It was just a principle, but let me go on, Mr. Speaker.

An older person who is a tenant of the National Housing Corporation can join with a younger member of the family to be able to access a mortgage for a longer period of time and therefore be able to pay back \$177 per month, which is just \$30 more than what they are paying now, to be able to own an asset which would be theirs and in their family for the rest of their lives and they would be able to dispose of it or to use it as collateral. This is something that is very important because this is an opportunity for people who are tenants now to be able to change and transform themselves to being owners of a significant asset that they could take to the bank or to do something beneficial and positive with. For the Honourable Member to belittle a programme which I think is so fantastic and so imaginative and which I am sure would be of fantastic service to the people of Bonnetts and Pleasant Hall that I represent, really surprise me. I thought he would have come with something more creative other than to mislead this Honourable House.

I am going to go further, Mr. Speaker, to say that even if an older person does not have a family member to join with, the National Housing Corporation (NHC) has put in place certain programmes to assist people over 60 years old so that they can be able to access mortgages for 10 or 15 years, so that the amount they would pay for the mortgage could closely match the amount they are paying for rent on a monthly basis. This is a fact which cannot be disputed.

Mr. Speaker, I think I have made my point. I think the people of Barbados have heard and they are moving forward to buy their units and I have to commend them. So I am encouraging the people of Bonnetts and Pleasant Hall in the constituency I represent to go forth and buy their units with haste because it is a wonderful investment. I would go further to encourage everybody in Barbados who lives in a National Housing Corporation unit to go forward and buy the units because it is an opportunity for them to gain an asset that they can take to the bank as collateral, to educate their children later on or to lever to gain other assets as they would be able to turn around and rent it out to get additional income. This is a significant programme and I encourage all of the persons living in these units to go forward and make use of the opportunity.

Mr. Speaker, I also want to support these Estimates because they have put forward an opportunity for the making of strong, stable and sustained economic growth and development for this country. I think it is a fantastic thing and it is highly commendable to be able to cut a deficit that was expected to be at the level of five per cent down to a level of 2.6 per cent and to be able to maintain it after having reduced land taxes, income taxes and other taxes. Therefore, the Government of Barbados, particularly the Minister of Finance, must be commended for this significant achievement. This shows the diversity, the imagination and above all else, the courage of this Government to take this Party and this country forward fearless of any other person or any other entity that may try to stand in the way of the development of the country. I also want to speak, Mr. Speaker, about transforming the social and

economic landscape of Barbados as we know it. We all know, Mr. Speaker, that when this country is in dire straits, when this country is in need and when this country wants sound fiscal management, the Barbados Labour Party is called upon every single time. If you look back in history, you would see that every time this country needed proper fiscal management, it was the Barbados Labour Party that was called upon because this Barbados Labour Party knows how to manage the economy and would be able to put it back on sound footing, and every time the Barbados Labour Party has been called upon it has delivered and has put this country back on sound fiscal management.

However, what then happens is that the people would say, well, the Barbados Labour Party has been in power for a little while now so it is time to give the other people a chance. What happens then is that the other people come in and lick out all of the reserves that we built up and put them down by \$13 million, which is what we found when we came to power in 1994. They came into power and not knowing where the revenue is going to come from, they did all sorts of things and just spend, spend, spend, until they got the reserves to a point where they went down to just \$13 million. Then, not knowing what to do, they decided that the only thing they could do was to send home people and cut people's salaries.

Mr. Speaker, I predict that if they were to regain the reins of government they would do the same thing again. They will lick out all the reserves that this Barbados Labour Party Administration has put in place, \$2 billion, which is a record level, and then the people would have to say, well, let us go back to the Barbados Labour Party to bring fiscal restraint and fiscal management in the country.

House 25 Sequence 41

5:40 p.m.

Tuesday, March 15, 2004

Continuation of Dr. W. F. DUGUID:

Mr. Speaker, I will say to the people of Barbados, never give them a chance to do that again because this Barbados Labour Party Government will continue to practise firm, economic policies and will maintain this standard of living and this country in the way that we have become accustomed.

Mr. Speaker, I also heard talk about a shopkeeper's mentality and about how Barbados was degenerating to the shopkeeper's mentality. Sir, I am a product of the shopkeeper's mentality, for all my life, my father has owned a shop. It is that shopkeeper's mentality that has brought me to where I am today.

Mr. Speaker, I do not purport to be an economist but I understand a few simple things, I understand business. I understand how to run a business; how to finance a business; how to expand a business, and my track record is proof of that. The Honourable Member for St. Michael South Central can attest to that. It is my understanding of maintaining and keeping control of expenditure while maximising revenue that has helped me to achieve what I have been able to achieve today.

Mr. Speaker, it is through that, and I will bring my experience in business to be able to appreciate the

expenditure and the estimates of this Government today. I have to say that there is nothing bad or wrong with the shopkeeper's mentality. During the 1950s and 1960s, this economy was built by black merchants from Tudor Street and Roebuck Street that have contributed so much to this economy. They, in turn, were then able to send their children to school to become doctors and lawyers.

Sir, that is what this economy is based on, and will continue to thrive on. Therefore, let us not suggest that the shopkeeper's mentality is anything bad but that it is something good. It is something about learning to buy low and to sell at a reasonable profit. It is about proper, good and excellent service. It is something on which this country was built.

I also heard about rejuvenation and revitalisation of our economy and our country. This is absolutely necessary and I want to speak about the transferral of assets. Sir, any good businessperson who is worth his or her salt, would understand that if an individual wants his or her business to expand, he or she would need to borrow, would need to acquire new assets, and would need to find new ways at which revenue could be realised. After that revenue is realised or maximised, it is then a good businessperson who would try to sell that asset at a profit and then reinvest in another venture. This is proper business sense. This is something which the Government of Barbados is obviously trying to do.

Mr. Speaker, when the Government of Barbados sold the Barbados National Bank and took that money and reinvested it in the construction of the Barbados Hilton, it is the same concept. What Government has done was to have taken an opportunity in the banking sector, started the Barbados National Bank, improved it, maximised its potentials, and then sold the interest in that bank and used it to invest in another viable revenue-earning of the economy. It is simple business sense. In addition, it is almost like recycling an asset. If one takes money and invests it into a particular asset and after that asset has gained a significant sight of maturity in terms of the amount of revenue that could be gained from it, one then sells that asset to a private entity who could continue with that asset. In such a case, the individual has recycled that money because that money was then invested into another asset, which can lead to more revenue generation, bring more jobs to the country and bring a greater stability to the economy.

Mr. Speaker, this is the ideal situation that any country would want to mirror and, therefore, I am proud of a Barbados administration that sees it fit to use this type of money-recycling to develop this country. It is fantastic and the only person that it seems to be over his head, seems to be the Leader of the Opposition. Therefore, I am hoping that with a simple and brief explanation coming from a simple and humble dentist, that this well-trained economic guru would now be able to understand this concept of recycling the investment from one entity to another and yet able to provide jobs and an established economy for this country.

Mr. Speaker, I have another document, the Christ Church West Development Plan, which I want to make a document of the Honourable House. Sir, I have to make it a document of the Honourable House in these Estimates because it speaks specifically to the developments in Christ Church West that we are expecting to see. It contains a plan of action for roads, housing, resource centres and for improving the social services that are delivered to the people of Christ Church West.

Mr. Speaker, this is a significant document that has been collaborated with the people of Christ Church West, to be able to bring together the needs and requirements of the constituents. I hope that

through this Estimates debates this week, that I would be able to make certain aspects of it a part of the record of this Honourable House, so that we can go forward in being able to provide the necessary services that the people of Christ Church West desire. This is why they have sent me here to articulate their needs, their wants and their desires and it is my intention to do that at all cost, and I will do so as long as they have me as their representative.

Mr. Speaker, I thank you.

Hon. N. A. LYNCH: Mr. Speaker, thank you for the opportunity to be involved in this first Estimates debate of this new Honourable House.

Sir, first let me begin by giving my commendations to the Honourable Minister of Finance for a very comprehensive presentation this morning. It was a presentation that put the management of the economy of Barbados in its true and positive perspective. It spoke to the standard of what a budget debate should be.

H:No. 25 (42)

5:50 p.m.

Monday, March 15, 2004

Continuation of Hon. N A. LYNCH:

He presented the facts to this House and the entire public in a coherent, sensible manner and to the highest standards of transparency and probity.

Sir, the Right Honourable Member for St. Peter spoke about a healthy Barbadian economy contrary to many of the reports we have been receiving from a number of other entities in and out of this Chamber. He also spoke of adherence to sound fiscal policy and sound fiscal prudence as the principal tenets of managing the economy now and in the future. He took a futuristic approach while looking at the economy of Barbados and how we could maintain the highest standards for this economy to be sustainable and stable.

He spoke about the all-embracing nature of the economic programme and policies of this Government looking after the most vulnerable in our society and ensuring that they have the best this country could offer. He spoke about an economy that was global in its outlook and to the inter-connectivity of the Barbadian economy to the global one and about the principle of stability as a fundamental part of being able to maintain this economy.

Sir, it has been proven and said over and over again by this side that the management of the economy in the past two to three years has taken place in some of the most difficult global circumstances. The Right Honourable Prime Minister spoke this morning about the concept of growth with equity and that Government must play a greater entrepreneurial role when the private sector is retreating even in an environment, where the private sector and the financial institutions are liquid.

Sir, the Right Honourable Member for St. Peter spoke about the four principal tenets that must be adhered to achieve growth with equity. These are sustained investment, open systems, an enterprise culture and that Government must play an entrepreneurial role in the development of the society through its central mean.

Sir, this concept of growth with equity has led us to be the number one developing country in the world only being surpassed in this hemisphere by two countries, the United States of America and Canada. He also spoke about the Government taking risk where the private sector will not.

Sir, he made reference to the GEMS of Barbados in relation to Government being more entrepreneurial and that Government needed to prop up the private sector and the smaller players within a larger private sector environment. Sir, I have never been able to understand why the Opposition always knocks this particular project in terms of its concept and management.

Sir, the act of being more entrepreneurial, building an enterprise culture and being able to forge an environment of affirmative action in Barbados where it is needed, is something that the Opposition is always opposed to. There were a number of small, locally-owned hotels which were indebted to the Barbados Development Bank, which is the institution used in the past to force the culture of affirmative action. Sir, we could have put all these hotels on the auction block and they would have been bought by the traditional private sector but many of these hotels needed to continue to be in the hands of privately-owned, small, Barbadian players in a tourism sector which is our major sector.

Sir, although I am concerned at times as to how part of the management of the project went, the concept behind creating the GEMS of Barbados cannot be one that the Opposition or anyone on this side can be against.

Asides.

Hon. N A. LYNCH: Sir, to say that I opposed the GEMS of Barbados project is erroneous. What was and still is the issue of concern is the way the project was managed but the concept of being able to lift up people who were traditional, small hotel players in the tourism industry when it was central to the development of Barbados, has never been an issue. Sir, I will say again that the concept of building the GEMS of Barbados was a very important project.

This also led to debate on the Government's use of Special Deposit and Other Deposits from the Consolidated Fund to fund projects. It is erroneous to say that this has not been a practice used in the past by previous administrations to fund infrastructural projects or other projects within Barbados. Sir, it has been used to create agencies which are earning the bulk of their revenues like the Port, Insurance Corporation of Barbados and others.

Sir, we would not carry on any debate about whether or not these particular projects, if they are not part of the central budget of Government, would lead to an inflation in the deficit of Barbados. The same way in which the statutory corporation evolved at a time in Barbados when it was important, the concept of private sector involvement, along with Government to develop infrastructural projects for our people, is something that is evolving as well.

I am not sure that we cannot say that in being able to partner with the private sector in projects that are central to the development of our society that it is not a more efficient way to finance most of the projects we are now undertaking in Barbados.

Sir, it has been done before and our minds need to be opened to the concept of being able to use other means of financing to be able to bring these projects to fruition.

Sir, in the same way we speak about increasing the deficit that if we put much of the expenditure in these Estimates, we would also have to include the revenues that are going to accrue from all of these entities and projects as well.

H25/Sequence 43

6:00 p.m.

Monday, March 15, 2004

Continuation of... Hon. N. A. LYNCH: Sir, I take the Honourable Leader of the Opposition's language about protectionism with a pinch of salt. I believe that everything that has been done relative to the development of these projects and the use of money has been as transparent as possible within the context of the management of the Barbados economy and what we have exposed this Honourable House to.

Sir, I think that we are going to reach the point where we would be asking that all finances of all projects be laid in Parliament. Since the GEMS project started, the accounts of this project were laid in this House of Assembly and this was not required under the rules of Parliament.

Asides.

Hon. N. A. LYNCH: We can dispute the issues relating to the management and concepts of the project and we can even talk about laying accounts in Parliament. We can even put time limits on projects. However, the Barbados Labour Party is the Government. Sir, when the Democratic Labour Party was in Government they also used special deposits to finance projects, so this is nothing new. The Opposition is trying to give the impression that what we are doing is not fair to the people of Barbados. I want to dismiss the impression that there is something wrong with what this Administration is doing.

Sir, this Government took over the management of the economy at a time when difficulty was being experienced worldwide and this Government was able to bring the deficit down in 2003, 2.6 per cent of the GDP. While meeting all of our obligations is to itself a credit to the Minister of Finance and his officers, Mr. Speaker, we were able to increase revenues over what was projected while maintaining our expenditure. This was done in an environment where we were able to maintain social stability in this country when many developed countries seemed to have been unable to do. I believe that we have done it in an environment where we continued the onslaught on homelessness in Barbados and positively tackled the issues of HIV/AIDS. Mr. Speaker, some people seem to be making fun at HIV/AIDS but living with this virus is a very serious matter. We are also trying to deal with eradicating

poverty in our country. Mr. Speaker, while all of this was happening we were going through an election.

Sir, we have also been looking at giving agriculture in Barbados a new lease on life and trying to marry social and economic stability in this country. Sir, the United States of America had its worst time with the stock exchange in September 2002 in 36 years. In September 2002, 1.5 million Americans filed for bankruptcy, the most in the United States of America's history. Sir, Barbados was able to maintain a level of economic stability because we were able to adhere to the most sensible issues of fiscal prudence and management of the economy, and we were able to do so successfully.

I believe that if there was one success, it would be the preservation of the agriculture sector which is vital to our overall economic makeup. Sir, sugar was given a new lease of life and the production of sugar cane is still central to our cultural and social development.

Sir, rural Barbados lends to the development of our tourism. It is important that we continue to look at our economy in a more holistic way and understand that the social stability of our nation is fuelled by the economic security of country.

Sir, the Right Honourable Prime Minister also spoke about the area of trade relations and its impact on our stability which is very important and central to our development and which will impact on the tourism and trading sectors. I also believe it is important how we deal with the concept of trade liberalisation and accelerated trade liberalisation, of which the Prime Minister spoke.

Sir, access to subsidies and concessions that were once available to us are no longer available to us and we will be put under pressure and challenged by the new global trading arrangements. Mr. Speaker, the tourism sector will become more vulnerable in this environment, particularly as it relates to small enterprises, such as small hotels and restaurants.

Sir, when I heard that we are putting all of our eggs in one basket or that the tourism sector is carrying a disproportionate amount of the economic stability of our country, it is obvious to me and to those people who understand tourism, who would know that tourism shows the characteristics of an industry that is more global in nature than any of the other industries in which we now trade. Tourism has always been forced to trade on its own global competitiveness without any of the preferential arrangements that the other productive sectors benefited.

Mr. Speaker, whenever we went to the market to trade in the tourism sector, we traded against global competition. Therefore, there are two issues that are fundamental and central to the development of the tourism industry. One of these issues is that the tourism sector is global in its makeup and the other is that the tourism industry has performed well. I know that there are some Honourable Members in this Honourable House who would jump up and down and say that I did not believe in numbers. However, I know that those who are talking about the performance of the tourism sector should shut up. Sir, one note makes for a very boring tune. Let me give you the facts about the tourism sector.

H25:Sequence 44

6:10 p.m.

Monday, March 15, 2004

Continuation of Hon. N. A. LYNCH:

The tourism industry has performed well in terms of absolute arrivals coming to the country. I agree that the only judge of the tourism performance cannot be absolute arrivals coming into a country, but we should look at all the other measures of tourism development for Barbados. Sir, I can quote from the Central Bank's figures, which I will make a document of the House, on the total expenditure for tourism.

Asides.

Hon. N. A. LYNCH: Most of them do not have the 2003 figures. The source of the document is the Central Bank.

Sir, for 2002, \$1.295 billion in expenditure. For 2003, \$1.465.1 billion earned from the tourism sector. The average length of stay for Barbados' total expenditure by tourists is \$6.8. Sir, the hotel bed occupancy percentage rate which had dropped in 2002 to 44.1 has now come back to 50 per cent, and I am going to deal with the analysis of these stats.

The hotel bed occupancy rate which had dropped to 44.1 is now back to 50 per cent. In addition to that, the number of beds in Barbados were recorded at 10 822, and the hotel room occupancy moved from...

Mr. SPEAKER: Honourable Minister, we attempt to address the Bill in a general way. The specifics that you seem to be focussing on are supposed to come under the Heads. I am not saying that you cannot give some detail of your Ministry, but not to go into that kind of detail.

Honourable Member, as the Leader of the Bill did, a very general outline of the state of the economy and so on. Proceed, please, but if you could condense it a little more, please.

Hon. N. A. LYNCH: Sir, the point that I want to stress is this. Tourism performance, as it is stated, we not only did a lot better relative to absolute arrivals to the country, but in every major area, hotel room occupancy and hotel bed occupancy has all improved substantially during 2003.

Sir, I heard talk about the expenditure figures, and how many people spent, and whether or not tourism has been earning. Yes, there has been discounting in the industry, but I would like to know what solution does the Opposition have to the concept of discounting in the industry when everyone around us is discounting.

Sir, discounting has been a central tenet of the industry in the past couple of years, given the challenges that came out of September 11th 2001. Barbados has been able to do things that none of the other mature jurisdictions around us have been able to do. We have been able to attract more airlift to Barbados than any other jurisdiction around us by far, which is a central and fundamental component of the tourism industry for the future. We have never seen the level of airlift into Barbados that is now

coming to our shores, but the performance is there for all to see.

Sir, I just want to make one other fundamental point about the issue of hotel rooms occupancy. For example, I said it moved back from 42 per cent to 50 per cent but, Sir, do you know what is important? There is a villa component and a non registered component of the industry that is not recorded in these statistics, that has been doing well for a long time in Barbados.

Sir, the research of the Ministry of Tourism has shown that there is a non-registered accommodation sector in Barbados that has been performing well in the past three to four years. Sir, we have estimated that there are about 600 rooms, and that is a conservative estimate, of non- registered accommodation in Barbados. This should sweeten the heart of the Honourable Member for St. Lucy because what they have always wanted is now happening in Barbados.

There are lots of people who are playing in the tourism industry for the first time and are playing a positive role in the development of the industry. Sir, do you know how many people have built on a room at the back of their house? They even have internet connections. This is the type of community tourism that the Honourable Member for St. Lucy has always spoken about. Sir, I am saying this is the 50 per cent we believe reflects the true picture of what is going on in the sector.

Sir, I heard the Honourable Member for St. Michael North West speak this afternoon about the issue of the attraction of brands to Barbados. One of the reasons that Barbados has not been able to attract brands to our country has a lot to do with the profit margins that they have been experiencing in other jurisdictions, vis-à-vis Barbados.

For example, our cost of doing business in Barbados as a tourism destination has always been high but that is nothing to be ashamed about. Sir, even though we have this high cost jurisdiction, Barbados has always had continued investment. The Barbados tourism industry was not built upon brands. Sir, to say to anyone that we have not been a successful tourism destination, simply because there are not those well-known, branded products in Barbados is, I believe, to send the wrong message to the public of Barbados. The fact of the matter is that places like Sandy Lane, Coral Reef, Sandpiper, Royal Pavilion and Glitter Bay and Cobblers Cove, some of the best hotels in the world are not branded, but we have been able to balance that, Sir, with places like the Hilton.

I will say, Sir, that between 1998 and 2003, in a country like Barbados we have had Tropical Escape reconstruct the hotel, 50 rooms. Coral Reef added on 17 rooms. Kings Beach added on 34 rooms. Sandy Lane refurbished the hotel. The Crane is into developing their rooms at 471 of which they have already done 200. Royal Westmoreland has built villas. Royal Pavilion Hotel added 36 rooms. Sugar Hill has been doing 273 rooms. Coral Sands has built 25 rooms, Sand Acres has added 20 rooms, and Asta Beach has just refurbished their hotel.

Sir, this is in the Barbados that the Honourable Member for St Michael North West would like us to believe that there is no investment in the tourism sector. I say this. It is obvious to us that the tourism development Act of 2002 needs to given time to work to bring it to full implementation. This is how we are going to attack the tourism industry in the future. This is an industry that has survived and done well in the worst of times. In times that have seen SARS, two gulf wars, September 11th 2001, this industry has been able to survive, even with the discounting and show the type of figures that are

important for the development of the tourism industry and has kept this economy buoyant.

I say, Sir, that the judge and jury of all of this are the people of Barbados who are benefiting from the industry. We will continue to develop Barbados through this sector in the most positive means for all Barbadians.

I am obliged to you.

House 25, sequence 45,

6:20 p.m.

Monday, March 15, 2004

Hon. R. R. FARLEY: Mr. Speaker, I rise to make my contribution in this Estimates debate against the background of the very excellent presentation by the Minister of Finance, the Right Honourable Member for St. Peter.

The Honourable Member is quite clear on the path which we as a Government have charted for Barbados, and these Estimates, as with previous Estimates, takes us on our march one step closer home. These Estimates provide a source of funding which will ensure that several of the programmes which we have started previously as well as those new initiatives as announced today will be able to be supported via the public purse.

Sir, these Estimates are also set against the background of a clear return to growth by this Barbados economy, so let us not take that lightly. This Barbados economy, like the economies all around the world, went through some periods of turbulence but this Barbados economy and the managers of the economy have distinguished themselves by way of the relatively swift return to growth.

Asides.

Hon. R. R. FARLEY: Mr. Speaker, the reality is that that background of economic growth will allow us to do several important things in the social arena. Sir, improved economic growth is a prerequisite for us to be able to continue the very vigorous programme of social development and poverty reduction. At the end of the day, the man in the street, the ordinary Barbadian, stands to benefit not only from the detailed programmes in these Estimates but from the foundation which is laid by solid management.

Mr. Speaker, the reality is that going forward we are unlikely to be able to benefit from some of the factors which would have contributed to our success in the past. For the majority of the time since independence factors such as preferential access to markets and preferential prices for the products we produced have formed the basis of our growth. In the past, we were able to access concessionary rates for finance for building our schools, our roads and public infrastructure and for institutional strengthening. Things have changed so much that Barbados has not only been graduated from the World Bank but Barbados is now required as a middle income country to be a net contributor to some of those international institutions. We now provide money which is used for on-lending to the poorer countries in the world.

Asides.

Mr. Speaker, the Honourable Member for St. John does not want me to hear myself. He came in late, he is leaving early and he wants to make the most noise.

Mr. Speaker, the other important major policy change is the reduction in the capacity of economies such as ours to protect our domestic economy. The reality is that in a modern, rule-based world we have the phenomenon of the internationalisation of domestic policy and several of the matters which would once have fallen within the sphere of the domestic state are now driven by rules of trade and the various treaties that we have signed. Our international obligations will be some of the constraints within which we would have to work. Mr. Speaker, even within those constraints this Administration has been able to steer the ship of state into a position where we have been able to maintain low rates of inflation and high employment levels, that is, low unemployment. The unemployment rate in Barbados and in Germany is about the same. We have been able to maintain high levels of foreign reserves. I am repeating these things because these are things that people know but will have to be reminded of.

Mr. Speaker, that background is what afforded us the capacity to overcome our vulnerability because events such as September 11th, the threat of the Organisation for Economic Cooperation and Development and several other negative actions highlighted our vulnerability. We are a middle income country and we have very good potential but we are still vulnerable to external shocks and what we need to do is to position ourselves to continue this economic building and prosperity into the future which is the fundamental prerequisite to macro economic stability. The Right Honourable Member for St. Peter and Minister of Finance has been consistent throughout his years in public life in maintaining that macro-economic stability is the fundamental bedrock of policy for small open economies such as Barbados. That is why he has taken great pains to set very clear, prudent, fiscal policy in this country.

Mr. Speaker, we were able during the period of recession after September 11th to use counter-cyclical economic policy where the State was able to maintain its spending and to protect jobs which is the reverse of what the Democratic Labour Party did. In their turn at the helm in an economic downturn their first course of action was to cut jobs. We were able to hold the fort, to maintain Government spending and to increase capital projects in order to stimulate private sector activity and to maintain jobs in that sector.

Now is the time where in order to maintain long-term macro stability, we need to ease off the throttle to make sure that we are able to keep our deficit within manageable proportions to ensure that we do not engage in major borrowing so that we can leave room for the private sector through investment in major projects in this country to be the engine of growth. That growth, we are satisfied, will produce not only economic growth but social growth and stability which will ultimately maintain our political stability because the reality as we have seen in countries around the world is that democracies are best maintained by prosperity which is accompanied by social justice and an equitable distribution of the wealth generated in those circumstances of prosperity. All of the experiments around the world where people have tried the democratic experiment, some of them have failed because they were not accompanied by the matter of prosperity, equity and social justice.

Against that background, I am therefore pleased to see that the Minister of the Finance is very clear in

his recognition that our continued ability to prosper depends on investment in human capital. That investment in our people is really what gives us the capacity to be able to form and maintain our economic structures to have relatively decent rates of productivity.

House 25 Sequence 46

6:30 p.m.

Tuesday, March 15, 2004

Continuation of Hon. R. R. FARLEY:

Mr. Speaker, the reality is that in this period of trade liberalisation, it is international competitiveness whether at home or abroad, that will be our key to survival. Sir, whether it will be competitiveness in the domestic market, where our local producers now have to try to sell their products in a marketplace where there are less restrictions on imports; whether it is the matter of our being able to attract tourists to our shores as opposed to their going elsewhere; whether it is a matter of our professionals being able to sell their services overseas in competition with persons from elsewhere in the world, competitiveness in all spheres is a fundamental prerequisite to economic prosperity into the future.

Mr. Speaker, our ability and principal focus of these Estimates on the building of human capital is a major contribution to laying that foundation and building on it towards international competitiveness. These are all programmes which account for approximately 43 per cent of total Government expenditure, spreading across areas such as education, health, youth, and other related matters, which also have their economic dimensions.

Mr. Speaker, I look forward in this debate as we get into the Heads, to have the opportunity to speak in detail about the work of the Ministry of Education, Youth Affairs and Sports. Sir, from the perspective of generality, there are a number of very important perspectives which we need to have a focus on as we go forward.

Mr. Speaker, first of all, there is the matter of building social capital through education, health, et cetera, which speaks to a large measure of where do we want to go with this country, where are we now and what do we need to do to get us there. Sir, there are many pundits who speak and have their views but I like to rely on research. Tremendous research has been done in terms of the perspectives of our youth, what are their views and concerns, their obstacles, their hopes and aspirations. We have used that research to inform much of the programmes which we have developed, be it in education, youth affairs, or sports.

Mr. Speaker, for example, there are the School Leaver Tracer Surveys, where on an annual basis, and this has been done over the last eight years, we conduct a two-part survey where we target fifth and sixth formers in their final terms, to acquire information such as what examinations they are sitting; what are their immediate plans upon leaving school; what are their perceptions about any obstacle which might exist; what job interest do they have and what is it that they ultimately hope to achieve in

their life.

Mr. Speaker, we go further. During that year, we trace them to find that some of them have either returned to school for a second chance; some have gone onto their identified place of further education and training; some have gone onto the job market; some have gone away or some are not working. We are then able to update that information and on the basis of very clear scientific study, we have been able to fashion education, youth and sport policies that respond to the needs and concerns of the young people of Barbados.

Mr. Speaker, let us take, for example the matter of the immediate plans on leaving school and what is it that our young people have indicated that they propose to do. In the last survey, 85.5 per cent have indicated an interest in furthering their education; 57 per cent have expressed an interest in going to sixth forms or to the Barbados Community College; 20 per cent have expressed an interest in going to the Samuel Jackman Prescod Polytechnic to pursue work-oriented training and development; 5 per cent have expressed interest in vocational and technical training through the Skills Training Apprenticeship Scheme; 3.9 per cent had other unspecified plans; 3.8 per cent have expressed other interests, mainly overseas; 3.6 per cent have expressed interest in direct employment instead of further study and 6.4 per cent had no plans or were not sure.

Sir, generally there is an interest on the part of our Barbadian youth in furthering their personal development which has two implications, these are that we need to provide expanded opportunity for these young people to expand themselves and secondly, that the future of Barbados can be considered to be fairly sound because the majority of young persons are interested in taking advantage of opportunities as long as those opportunities are there. Therefore, the investment in human capital would not be squandered. Sir, clearly there is a basis upon which we could proceed with this education and training.

Sir, we must also recognise that there would be obstacles along the way and that the concerns which they have and which would be important for us in forming our policies and the things that would arise in these Estimates, will be discussed in detail in the Heads. Sir, I must say that approximately 68 per cent do not see any such obstacles to their achieving their plans. In other words, there is a confidence in our Barbadian system where 68 per cent of young persons believe that they will be able to reach their goals but out of the number of persons who have indicated that there could be obstacles, approximately 3 per cent of them know where they want to go but that there is a lack of qualification to get there; 2.6 per cent have indicated a lack of finance; 0.5 per cent have indicated a lack of experience and the unavailability of jobs.

Sir, based on this scientific study, there is a general confidence among the young people of Barbados that they are able to make use of the framework and institutions for development that we have put in place, and we are quite pleased about that. What was interesting was that in terms of the long term aspirations of our young people, they have ambitions which lie at different levels. What was interesting was that in terms of the ultimate education aspirations of those persons surveyed, 35 per cent have indicated an interest in going to first degree level; 21 per cent have indicated an interest in going on to higher degree level; 6.7 per cent to certificate or diploma level; and 23 per cent did not indicate any special long-term aspirations.

H:No. 25 (47)

6:40 p.m.

Monday, March 15, 2004

Continuation of Hon. R. R. FARLEY:

The programmes which we will detail in the Heads are driven by clear understanding of where our young people are going.

Sir, I want to speak briefly about some of the major initiatives which have been designed to address these matters. Clearly, our young people are our future. We see our role in this Government as building tomorrow today, through very carefully crafted programmes which target the expressed need of our young people. For example, we are pleased at the inclusion of figures for us to pursue Project Oasis which targets some of the youth identified as persons not in school, the Youth Service, those who are not employed and who are on the blocks across Barbados. Sir, you would be pleased to know that in terms of the work involved in the development of that programme that the youth commissioners who are spread across 32 districts visited 46 liming spots around Barbados and from those spots youngsters are already enrolled in a computer repair and maintenance programme at the Samuel Jackman Prescod Polytechnic. The digital film media project is about to start and they are already involved in a number of sports training and a number of other programmes.

Sir, what is more important is that this initiative has been able to have a governmental entity making contact with a section of our community which was previously marginalised and not had any official contact with the mainstream of society and which, therefore, had the potential to develop into an anti-social component within our society.

Sir, Project Oasis has been lambasted by some elements in the Opposition rather than wishing the youngsters well because this is about ensuring that all cohorts in our young population have a stake in Barbados and are all part of an inclusive society. Sir, their only hope is that the project would fail because, they perhaps wanted the opportunity to do it rather than us.

Sir, these initiatives are critical to the building of human and social capital and to ensure inclusiveness, which is one of the main themes that the Minister of Finance is seeking to strike in the presentation of these Estimates today.

Mr. Speaker, another key initiative, again playing on the theme of inclusiveness and equity, is the tradition in Barbados where our schools are simply not where you go to get knowledge but are part of our social infrastructure where we go, learn to socialise and build social relations many of which last a lifetime but over the years, to my mind, there has been some diminution in the role of the traditional village school, where over time, demographic and social trends caused some schools in the primary system to emerge as if they are elite schools and persons go from one end of the island to get into these specific schools to the detriment of the school next door.

We intend to take an approach where there is a kind of affirmative action programme in favour of the traditional village school to make sure that it is as attractive to go to a school in the heart of rural Barbados like St. David's School which has some of the best results in Barbados as to an elite school. We need to make sure they are provided with the facilities such as would cause persons who live around there not to think they have to travel miles in order to obtain educational facilities of a high standard.

Sir, these Estimates also speak to inclusiveness and making sure that the benefits are spread across Barbados. These Estimates also speak to a vigorous programme of maintenance and repair and in the current financial year, 16 primary schools had extensive repairs and, in these Estimates, provision is made for work to be done on 25 primary schools spread across the island to bring them up to standard. Sir, this has nothing to do with EduTech, this is the regular maintenance to make sure all is well at these schools.

Sir, work is currently ongoing on the design aspect of a further 14 schools. Construction work is going on at another seven schools and all the schools, primary and secondary, have implemented the curriculum reform programme. Twenty schools already have hardware and software fully installed and, as we speak, they are teaching by methods which are more in line with the 21st Century. We are on an accelerated programme via these Estimates to bring all of the others in line so that the benefits will be more evenly spread around. Sir, those are the steps we are taking to build human and social capital in order to be the true engine of the economic growth which we need in order to maintain our standard of living.

Sir, we are satisfied that the input which some of these initiatives are making will be able to help us achieve the three per cent growth per annum that we are targeting at being the level at which we want to be able to sustain ourselves.

Sir, I look forward as we get into detailed debates on the Heads to talking about the University College of Barbados, to talk about the programme we have in sports and to speaking about the work we are doing in providing community facilities like playing fields, hard courts and pavilions to be spread across the island. Sir, we will do it on a stage-and-phase basis.

H25/Sequence 48

6:50 p.m.

Monday, March 15, 2004

Continuation of... Hon. R. R. FARLEY:

Sir, already have lights on order and we have a quotation to ensure that those playing fields that do not have fixed lights will be able to conduct activity at night.

Asides.

Hon. R. R. FARLEY: Next week, we will be pressing on with the work in support of the National

Sporting Associations by disbursing funds.

Sir, these Estimates speak to the work which the Government will do jointly with the National Sporting Associations. We have a programme to engender competitiveness in sport at a national level where we will work with the sporting associations, primarily through the provision of technical directors or other coaching assistance, where that is necessary, work in the training of sports administrators and provide funding for the top athletes. For example, those who are in training for the Olympics and who are our medal hopefuls, persons like Obadele Thompson, Andrea Blackett and Barry Forde will receive support for their programmes.

Sir, next week there will be a presentation ceremony at which the various national associations, including the Barbados Football Association...

Asides.

Hon. R. R. FARLEY: The Honourable Member for Christ Church East Central would want to know about that. Sir, funds will be provided in support of our young men and women who are bringing honour and glory to their country.

I look forward to getting to the Heads in as efficacious a manner as I can so that I can speak in greater detail about these initiatives which are taken in the social sector but which are the key inputs into building that social capital that is so fundamental for the stability of our economy.

Sir, I want to commend the Honourable Minister of Finance and his Ministry for the great stewardship in the management of our economic affairs. Barbados has out-performed other countries of its size and other countries in similar circumstances and we continue, notwithstanding what the Opposition may say, to be the envy of countries in this hemisphere in terms of our economic performance, attractiveness as a destination for investment and tourism services and in terms of our general economic management. I therefore have great pleasure in commending these Estimates to Honourable Members and look forward to the debate which will ensue on the details of the Estimates.

I thank you, Mr. Speaker.

SUSPENSION OF SITTING

Hon. Miss M.A. MOTTLEY: Mr. Speaker, before I move the suspension, it may be useful if I outline to Honourable Members the details of arrangements for work for the week. It is anticipated that every night we should finish on or about 7 o'clock, or maybe a little after, except Thursday night when we would finish between 10.00 p.m. and 10.30 p.m. depending upon what time we start. On Friday, we would finish when the guillotine comes down on the debates of the Estimates of Revenue and Expenditure. Thursday will be a late start because Cabinet will have to be accommodated in the morning and it is our hope that we can start at 2 o'clock promptly on Thursday afternoon. Lunch will be here from 12.30 p.m. Those Honourable Members who would wish to come and eat lunch before the start of the day's Sitting may do so. Sir, with that information, Honourable Members can appropriately plan their schedules.

Mr. Speaker, may I also use this opportunity to remind Honourable Members that since we are simply suspending the Sitting, there are no formalities and , therefore, we will start straight into the debate tomorrow morning. Therefore, there will be a 10 o'clock sharp start as opposed to what we will normally have on an adjournment where the bell does ring until 10.15 a.m and then prayers and other formalities will begin, which means that the debate does not start until 10.25 a.m. I am appealing to all Honourable Members to be here prior to the 10 o'clock start tomorrow morning.

Mr. Speaker, I beg that this Sitting be suspended until Tuesday, March 16, 2004 at 10 o'clock tomorrow morning.

Hon. Dame Billie MILLER: I beg to second that, Sir.

The question that the Honourable House be now suspended until Tuesday, March 16, 2004 at 10 o'clock in the morning was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

H25: 18.56 p.m.

Sequence 49