
THE SENATE DEBATES

(OFFICIAL REPORT)

SECOND SESSION 1981 – 86

THE SENATE

Wednesday, June 20, 1984

The Senate met in the Senate Chamber, Public Buildings on Wednesday, June 20 1984, at 11.10 a.m.

PRESENT

His Honour Senator the Honourable Sir Arnott Cato, K.C.M.G., (President)

His Honour Senator J. C. W. Wickham, M.B.E., (Deputy President)

Senator the Hon. N. A. Barrow, (Minister of Information and Culture) (Leader of the Senate)

Senator the Hon. O'Brien Trotman, (Minister of Health)

Senator the Hon. C. A. Griffith, (Minister of State, Prime Minister's Office)

Senator StC. E. Howell, (Parliamentary Secretary to the Minister of Finance and Planning)

Senator J. E. D. Williams, (Parliamentary Secretary of the Prime Minister)

Senator H. R. Linton

Senator Mrs. E. M. Lynch, G.C.M.

Senator D. A. C. Simmons

Senator Miss J. Clarke

Senator Mrs. M. O. Reece

Senator E. E. Greaves

Senator W. W. Hall

Senator A. W. A. McClean

Senator C. D. Seale

Senator the Rev. Canon I. McK. Jones

Senator L. A. Ward, G.C.M.

Senator C. Jemmott, B.S.S., J.P.

Senator O. S. Arthur.

Prayers were led by Dr. the Rev. L. A. Crawford.

PRESENTATION OF PAPERS

SENATOR THE HON. N. A. BARROW: Mr. President, I have the honour to lay the following:—

The Report of the National Insurance Board on the National Insurance and Social Security Scheme for the period 1st January to 31st December, 1981.

The Land Valuation (Fresh Valuations) Order, 1984.

The Income Tax (Amendment) Regulations, 1984.

The Financial Statement showing Net Customs and Excise Receipts for one (1) month ended 30th April, 1984.

The Ninth Annual Report and Financial Statements of the National Housing Corporation for the year 1981–1982.

STATEMENTS BY MINISTERS OR PARLIAMENTARY SECRETARIES

SENATOR THE HON. N. A. BARROW: Mr. President, I ask that this item be deferred until later in the day.

Mr. PRESIDENT: If there is no objection, this item "Statement by Ministers" will be dealt with later on in the course of the meeting.

INTRODUCTION OF BILLS

SENATOR THE HON. N. A. BARROW: Mr. President, I beg to introduce the following Bill:—

A Bill to provide for the establishment of the National Health Service Board.

A Resolution to approve the guarantee by the Minister of Finance of the payment by the Barbados Development Bank of a principal sum not exceeding \$10 million and of interest thereon for the fifth issue of National Development Bonds to finance certain of its functions.

Mr. PRESIDENT: Let it be recorded in the Minutes that the Bill has been read a first time.

PUBLIC BUSINESS

SENATOR THE HON. N. A. BARROW: Mr. President, I propose the following order of business for the day — Orders Nos. 3 and 5, then Orders Nos. 1 and 4. We are still not ready to proceed with Order No. 2.

INTELLECTUAL PROPERTY ACTS (AMENDMENT) ACT, 1984

Order No. 3 was called — To move the Second Reading of a Bill to amend the Statute Law in respect of technical deficiencies in certain intellectual Property Acts of Barbados.

SENATOR THE HON. N. A. BARROW: Mr. President, I rise to move the Second Reading of this Bill. It is a very technical Bill and a very lengthy Explanatory Note has been circulated with the Bill.

The point is that when regulations came to be made, certain difficulties were encountered, and, in one or two instances, there were errors of a technical nature. That would apply mainly to the Patents Act and the Trade Marks Act.

The difficulties with the Copyright Act are a little more obvious; the Copyright Act of 1982 was referred to as the Copyright Act of 1981 and matters of that sort. 11.20 a.m.

It is quite clear that this legislation is legislation to clean up and remove doubt, and to remove errors from the intellectual property legislation which we passed at the end of 1981 and the beginning of 1982.

I move that this Bill be read a second time.

On motion of Senator the Hon. N. A. BARROW, the Senate resolved itself into Committee on the Bill, SENATOR J. C. W. WICKHAM in the Chair.

Clauses 1 to 4 inclusive were called and agreed to.

On the motion of Senator the Hon. N. A. BARROW, the Senate resumed and the Bill was reported as having passed in Committee without amendment; Mr. PRESIDENT in the Chair.

On the separate motions of Senator the Hon. N. A. BARROW, the Bill was read a third time forthwith and passed.

GUARANTEE OF \$10 MILLION BOND ISSUE

Order No. 5 was called — to move the passing of a Resolution to approve the guarantee by the Minister of Finance of the payment by the Barbados Development Bank of a principal sum not exceeding \$10 million and of interest thereon for the fifth issue of National Development Bonds.

SENATOR THE HON. N. A. BARROW: Mr. President, in moving the passing of this Resolution, let me start by drawing attention to the fact that there is an error in the Addendum to the Resolution, which states that the interest rate on this bond issue will be 10 per cent. The interest rate on this bond issue will be 8 per cent. I believe that as the Addendum is not part of the Resolution as an explanatory note, there will not be any need to amend anything, but an error slipped into the Addendum, which I am afraid will make the investment look even more attractive than it is.

The Development Bank is, as we all know, Government's long term lending institution, and in addition to financing major sectors like tourism and industry, it also has a responsibility for the long term financing of small businesses, small manufacturing projects and co-operatives.

The performance of the bank in that respect indicates that in 1983–84, the loans in tourism amounted to \$2 987 000. There were 40 such loans and these had a job creation effect of 162 jobs. In industry, it was \$6 633 000. There were 22 such loans, and the job creation effect was 162. In small manufacturing, there were 24 loans to the value of just over half million dollars, \$530 000, creating some 34 jobs. In small business, there were 88 loans of almost \$3 million, \$2 902 000, and the job creation effect was 100. In fisheries, there were 62 loans to the value of \$1.405 million with a job creation effect of 63.

SENATOR C. D. SEALE: On a point of order. I just would like to show the Senate that the figures the Honourable Leader is giving us are only for the nine months of the financial year, that is, April to December 1983 and not the full financial year.

Mr. PRESIDENT: I think probably you could make a speech on it. That would be better.

SENATOR THE HON. N. A. BARROW: Senator Seale is entirely correct. What happened was that the note at the top is not expressed as well as perhaps it might, but I did notice, and was going to come back to it, that the second line says April to December 1983.

What I have just read out is a total over nine months of \$14 457 000, approximately \$14½ million, a total of 236 loans, and a total job creation of 521. This maintains the trend which we see, if we go back, for fiscal year 1980-81 and the other two years previous to the nine month period I have dealt with. Going from 1980-81, you will find \$17 274 000, 214 loans and 536 jobs. In 1981-82, \$19 580 000, 296 loans, 601 jobs; 1982-83, \$17 484 000, 210 loans, 578 jobs. Everything supports the bank's conclusion that the level of banking projected for the next four years should ensure that job creation is no less favourable than in the years reflected here, and that, at the minimum, there should be an average of 500 jobs created per year.

11.30 a.m.

I am not going to deal at any length with the bank and its objectives, but I must, before I close my brief introduction on this bond issue, point out that the bank has not only deserved credit by the activity which I just referred to, by bringing to light those figures, but it also deserves credit for the efficient way in which it has been managing its affairs. The statutory debt equity ratio is 5:1. The debt equity ratio for 1984 is expected to be 3.69:1 and is projected over the four year period to rise in 1985 to 4.09:1; to 4.38:1 in 1986, and 4.78:1 in 1987. The activity which has been represented by these figures has brought the bank profits of \$61 951 in 1980-81; \$454 751 in 1981-82; and \$375 468 in 1982-83.

The bank's financing comes from short term loans, from the Central Bank of Barbados, the Insurance Corporation of Barbados, United Insurance Company, and long term loans, National Development Bonds, Inter-American Development Bank loans, European Investment Bank loans and World Bank loans, through the Government of Barbados.

This bond issue is therefore important to the bank. The history of its bond issues, except for one year when part of the issue was withdrawn, is that the bank has always had its bond issues oversubscribed. As a form of investment, they represent a particularly attractive measure, because not only is the interest rate, at eight per cent, competitive, but the interest does not attract tax, if the capital amount is \$50 000 or less. So these represent an important way in which Barbadians at every level can assist in national development, and at the same time, looking at it from the position of the individual, they represent a form of investment which is extremely attractive.

I do not intend to speak any longer, because there are other persons, I am sure, who would welcome this opportunity to contribute. I see Senator Seale has his notes to hand and I see Senator Arthur scribbling.

I beg to move that the Senate do now concur in this Resolution.

Mr. PRESIDENT: It is proposed that the Senate do now concur in this Resolution.

Just before I call on any member to speak, I have been shown a fair copy of the speech of the Minister of Finance in the Other Place, and he did point out that the 10 per cent in the Addendum was an error and that it is really 8 per cent.

Senator McClean.

SENATOR A. W. A. McCLEAN: Thank you, Mr. President.

In rising to support this Resolution, I should like to begin by expressing my satisfaction with the fact that it was an error in the Addendum, that the interest rate is 8 per cent instead of 10 per cent. The reason for this is that the BDB would have to relate its lending rates to the rates at which it is raising money for lending. Since I have already explained in considerable detail why it is important for Barbados to have a low interest rate regime, you can see that it is important for the BDB not to associate unnecessarily high interest rates with their bonds.

In relation to low interest rates, there is one area in which I suspect they have low interest rates that are essentially counter-productive, not so much because of how low they are, but because of their relationship to other rates of interest, resulting in serious distortions in the way in which resources are allocated within the country. I am speaking now of the cultivation loans for the sugar industry, which we know at times can be even lower than deposit rates that depositors can get, and substantially below the rates which businesses can obtain from commercial banks and elsewhere.

The type of problems that financial institutions have had in terms of repayment of cultivation loans are known. A lot of that would be associated with the performance of the industry, but it goes deeper than that. Quite evidently, if someone can put off paying back a loan on which they have to pay eight per cent interest, or even less previously, in circumstances where the act of paying back that loan would cause them to incur higher rates of interest or to break a deposit which is generating a higher rate of interest than on that loan, you can see that there is a strong incentive there for the borrower to want to be delinquent.

You also have the problem that when the financial institutions lend at these particularly low rates, and find themselves in liquidity problems, they then have to go and borrow from places like the Central Bank at penal

rates of interest. This can do considerable harm to the viability and profitability of institutions which might be deeply involved with advances to the agricultural sector.

The second point which I should like to address relates to the performance of the Barbados Development Bank. I should like to add my congratulations to those of the Leader of the Senate. Quite evidently, in recent years, the BDB has been performing rather satisfactorily.

I think Government should look at that particular case to identify the reasons for that type of performance *vis-a-vis* the performance of other Government corporations. You will notice that the management staff at all levels is all very well qualified. They do not have any square pegs in round holes. They do not have anybody who would want to thwart the qualified people, because they are all qualified. You will notice other things about the experience and the capabilities of the Chairman. I do not have to elaborate on those. But you can compare those with the experience, background and the exposure of chairmen of other organizations which are supposed to function in a businesslike manner.

If Government is incapable of drawing reasonable conclusions, they should ask somebody to draw them for them, because the conclusions are there to be drawn, and Government should draw them and act appropriately.

With that, I should like to repeat my support for the Resolution.

Thank you very much, Sir.

11.40 a.m.

SENATOR J. C. W. WICKHAM: Mr. President, I rise to intervene now simply because I hope that other Senators more qualified than myself will be able to answer the two questions which I am going to ask. The first is that in the listing of the support which this bond issue gets, I see insurance companies, finance companies and so on. I get the sneaky impression that the response to these offers comes from rather high-powered sources. If the loan office oversubscribes, there is no room there for investment from people like myself, because, obviously, we cannot put up \$50 000 or anything like that. I would like to know what sectors of our community are catered for by these bonds. Are little people allowed or encouraged to put their two cents worth in the development of the country in this way? If they are, do they?

The other question relates to whether the bank in its lending is favourably inclined to small people? I mean smaller than small. We have a population of a quarter of a million people, many of whom are very loyal to the country, but they want to feel that they have a stake in it, that they put in not only their physical efforts, but their faith and mind in it. Are they catered for? Are noncitizens of Barbados entitled to have equal rights to buy as citizens,

or are the purchases of these bonds limited to citizens of Barbados? If that is the case, very attractive people with money who have no stake in the country, so-to-speak, except to milk it, might very easily buy up the bonds.

Thank you, Mr. President.

Mr. PRESIDENT: Senator Seale.

SENATOR C. D. SEALE: Thank you, Mr. President.

Sometimes in here it is most pleasing to support a Resolution, and I can say today that I support this Resolution with great pleasure. As you know, during Estimates time I made a big beg for money for the Barbados Development Bank. I am most pleased to know that we are getting some more here now.

Our bonds have been very popular and safe, and have also been very attractive. To answer Senator Wickham's comments, they have been taken up by many individuals. Indeed, of the \$23 million in bonds that have been issued so far by the Barbados Development Bank, some 49.6 per cent in total value has been issued to individuals, and of the 1 500 actual bond holders, 1 450 or 96.7 per cent are individuals. You can buy a bond from \$100 up, and I can assure you that every June 30 and December 31st, I have quite a large job signing checks — these are interest checks — and there are a lot of individuals for whom I have to keep signing. So we do have it spread around, and the small man is in.

The bank has also been promoting the sale of bonds by payroll deduction. This has proved very attractive, and I have no doubt that this new issue will be equally attractive. One of the new features in this issue is that we have reduced the interest rate, and I support Senator McClean's comments, but what we have done to make it more attractive is increase the tax free benefit. You can now buy bonds up to the value of \$50 000 and there will be no Income Tax charge on interest. This is a welcome decision by the Minister of Finance — I think it was announced in the Budget — and it is going to make this bond issue very attractive.

The Leader of the Senate was giving some information, and it was particularly interesting to note the hard times that we have been suffering in this island the last two years. The Barbados Development Bank has been able to make loans that have created the highest number of jobs for the financial year ending March 31, 1984. The loans approved were \$19 577 000, and the number of jobs created were 647. This is a record. The nearest to this was in 1981–82, when 601 jobs were created from \$19 580 000. Our disbursements this year have also been very good. We have disbursed some \$14 688 000, and our loan portfolio has now grown to \$73 518 000.

I am also happy to say that the bank will make a profit at the end of March 1984. What is pleasing is that this year we are going to be able to put aside quite a large sum for bad debts provision and still make a profit. We could not do this in earlier years, but the size of our loan portfolio, and perhaps more efficient management, have allowed us to get into this position.

However, the economic climate out there is still not very nice, and the bank has been making loans into sectors that are under great pressure. In our tourism sector, as you know the loans for last year only totalled, I think, \$3.8 million, which is rather small for that sector. I want to make an announcement that the Board of Directors, at its monthly meeting yesterday, has made a decision to invite commercial bank managers, representatives from the Ministry of Finance, Land Tax, Inland Revenue, the Barbados Light and Power Company and the Water Authority to a meeting to arrive at a common policy in assisting hotels with their great financial problems at the moment. I can assure you that there are a couple of commercial banks right now which have received instructions from their head offices to clean up their tourism portfolios; get rid of them; send the bad debts to the Barbados Development Bank; let them take care of them!

This is a harsh policy, and we are going to let the commercial banks know that we are going to help and we are not going to take their rubbish and allow them to sit and make profits one year and when the losses are turning up, they throw their clients by on the wayside.

The purpose of this meeting is to let them know that we are on a common approach; that the hotels in Barbados are under severe strain, and everybody has to hold strain.

The Barbados Light and Power Company is going to have to do some amendments. Right now they have a minimum rate on hotels; whether you have guest or not, whether you burn a light or not, you are still paying a heavy minimum rate. They have got to take stock and they have got to assist, because one of the problems which I believe has emanated from the last Public Utilities Board rate hearing is that the Barbados Light and Power Company is now in a unique position. It is one of the biggest money spinners in this island. While other companies are taking losses, the Light and Power Company is making record profits, and I think they are going to have to take a look and ease their hand when it comes to tourism.

11.50 a.m.

The Water Authority has also got to come in; we have got to set some rate that is fair and equitable to the hotels. This idea of treating each room like a house has got to come to an end.

This meeting will shortly be coming off, and it is going to be frank, because the jobs of thousands of Barba-

dians are now being threatened, and we have got to come together and put our house in order.

Another area that is having problems is manufacturing. This is rather serious, because the problem with Trinidad is nothing to do with the Barbados Government or anybody. Unfortunately, there are a bunch of Trinidadians in power at the moment and it is difficult to fathom what sort of people they are. I can only presume that now that Dr. Williams has gone and the hearing aid that he used to close off is no longer off, they are now hearing their voices and will do as they like.

You would know Sir, that we have a situation in racing where three or four years ago the same group banned our horses. They have now even banned us from normal races. In fact, you cannot imagine that a maiden race is now open to Barbados bred horses only. They have now reduced themselves to the ridiculous situation where they are saying to the racing public that they can only breed maiden — a horse that has not won a race.

This Trinidad problem has come about. I do not think it is anything to blame our Government for, but it is a serious position when you are in business and all of a sudden your markets are locked off overnight. It is not that easy to find markets. It took Barbados some five years to be able to penetrate the Trinidad market. Trinidad had money from 1973, but we did not get in there until 1978/79, and it will take us another five to six years to penetrate the extra-regional markets.

We have some problems here that we can correct, because we have got to start to look at our own home market to make it more attractive. Let us take our furniture industry. We took an old control order placed by Senator Hall's friend, Senator Taitt; he put a 30 per cent markup on furniture. In this day and age, the furniture retailers cannot live with that markup, and therefore what happens is that they buy on a hand to mouth basis; they buy when they want, when they make a sale. There is no attractiveness in keeping furniture in stock in Barbados to show it off, because the markup is useless, it is much too small, and I have a feeling that the Government must throw that out through the window like they throw out a lot of systems when they took over in 1976.

In 1976 when there was a bond issue for this bank, the first issue, you could not find anybody. Not a soul bought bonds in the Barbados Development Bank. Now this bond issue will probably go within a week or a month, so there is a return of confidence. Let us therefore get rid of these archaic stupidities and let us have markups that can invite people to do business.

When you walk through Bridgetown, you see furniture only in three or four stores, the biggest ones, DaCosta's, Manning, Wilkinson and Challenor and Geddes Grant. You do not see any ordinary little man selling

furniture. We want that control off so that we can give him the incentive to stop himself.

When we come now to small business, there is no use our doing a wonderful job at the Barbados Development Bank when at the National Bank you do not seem to employ human beings. I watch television and see how they say that they are helping small business, but all day long I am taking up returned cheques from the National Bank. When you return a cheque from a man, you are saying to him to close down. Last week one of the chaps who had a returned cheque came to me and said: "Mr. Seale, I am going to bring in my whole bank statement and show you." His overdraft limit was \$10 000. He was going over a matter of about \$500, and the cheque was returned! How can he continue to keep a business if you are going to do that? We are going to have to talk to them down there, because if they want to help small business, they have to come out.

There are a lot of them sitting in their ivory towers and telling the poor shopkeeper and the small businessman how to run the business from behind their desks. That is not possible. They tell him that he has too much stock. How do you get rid of stock that is not selling? What are you going to do with it? Dump it? That is the only thing a poor man can do; therefore the Government needs to get some human beings in control down at the National Bank.

The next area that we lend in is fisheries and we are doing, I believe, a wonderful job. Unfortunately, we are doing such a good job, we are producing the boats and the fish so fast for the consumers of the country, that the poor fellows are not making any money, and we have to find some solution.

I know that to a consumer an eight cent flying fish is good, especially at this time, and we would all like to see flying fish continue at eight cents, 10 cents and 12 cents. It is doing a wonderful job to our foreign exchange, it has locked off my sales of corned beef and clod beef. It is doing an excellent job because we are saving thousands and thousands of dollars in foreign exchange. However, our boats cannot really sell fish at 8 cents and make a profit, so we are going to have to find some solution, because we want that 8 cent fish and we need an incentive to keep bringing them in. We are going to have to find some solution whereby there is some subsidy which the Government will have to set up, because there is a saving in foreign exchange, so let us look at some little subsidy to the fishing industry, where you check off at the market or something to help these boats. Otherwise, we will be running them into financial difficulties.

Sir, I believe I have touched all around. I can only hope that the bonds will be accepted. I want to thank the Leader of the House and Senator McClean for their

kind remarks. I also would like publicly to thank the Minister of Finance for the kind remarks I noticed he made about the bank in the House a couple of weeks ago.

The bank has no real complaints. I believe one of the successes of the Barbados Development Bank has been its ability to portray to the public of Barbados that it is a non-partisan bank, that it belongs to Barbados, it does not belong to the Barbados Labour Party, the Democratic Labour Party or any party. I think that is where the success of the bank has been, because we are still very much the only statutory organisation which has a public annual general meeting, and I think that if the other corporations are going to be looked at a lot better in Barbados, they will have to do that and let the public know their results every year.

I thank you, Sir.

SENATOR O. ARTHUR: Mr. President, I join this debate to give my support to the Resolution and also to congratulate the Barbados Development Bank for the very outstanding record it has shown in financing capital formation in this country, in assisting in the provision of jobs and also in assisting in the generation and the saving of foreign exchange.

I obviously want to urge the bank to pursue its main stream preoccupation of providing venture capital for the creation of new enterprises. But I must also warn the bank not to rest on its laurels, and in this respect that it must recognise that it is not only a development bank, but it is one of the principal development institutions that this country possesses. It also happens to be one of the most successful development institutions that this country possesses as well.

This morning I want to suggest ways by which the bank may give the fullest effect to its role as the principal development institution in this country; to make a number of brief suggestions to the management of the bank and particularly to Senator Seale as to the ways by which the bank can assist in the future in not only providing venture capital, which is its principal function, but operating as an institution which is concerned broadly with the development of this country.

12.00 noon.

I think that Senator Seale has already touched on one of the main issues that would concern the bank as a developmental institution for the immediate future. In the past, the role of the bank has been largely towards financing the creation of new enterprises. He has correctly identified that, as a result of the recent recession in the country, one of our main developmental problems has been to indulge in a rescue operation to ensure that the private corporate sector does not collapse. Obviously, as

a developmental institution, the bank has the very important role to play in this respect, a role which Senator Seale has already acknowledged, and I am glad to observe that the bank is pioneering a move towards rescheduling some of the debts of the private sector, which is now in great stress.

I imagine that the bank would see it desirable to earmark a greater proportion of its resources as working capital *per se* rather than venture capital, and it may become possible in the future for the bank to concern itself with co-financing arrangements with the domestic banking system, so that development projects could, from the very start, attract the proper mix of long term and short term capital.

There are also very important areas in which I think the Bank has a large development role to play. One principal area is the fostering of the development of bond marketing in Barbados. The bank has, in its own right, generated a lot of expertise in this area, and I believe that the expertise that the bank has acquired needs now to be generalized throughout the economy. For example, much could be done to stimulate activity in the housing sector if the Barbados Development Bank and the Barbados Mortgage Finance Corporation were to collaborate in the raising of bonds for the purpose, and I do believe too that the expertise that the bank has acquired in the management of its bond issues could be brought to bear to the advantage of the management of the sugar industry.

Another area in which the bank could exercise its developmental role is in stimulating the technological development of this country. We are rapidly moving into a technological age, but we do not have an institution which is concerned in any specific way with the financing of research and development work. I believe that, as a developmental institution, the bank may find it desirable to set up a study window through which high priority but high risk research and development projects could be financed on a contingency recovery basis. If the research project does not give rise to a specific productive solution, then, obviously, the amount granted for the support of the research project would have to be written off as a loss, whereas if the research project gives rise to a workable productive solution, then the bank could have some arrangement whereby it shares in the proceeds from the activities stimulated. I see such a role for the bank in the future.

Finally, Mr. President, I think that the bank may want to slightly change its emphasis on pure project financing and move towards a more programming approach in certain areas, in which it lays emphasis. I would use the case of the fishing industry and non-sugar agriculture as points of reference. The tendency in the past has been to treat each investment decision on a case by case basis,

so that each project is evaluated by reference to its intrinsic viability, by reference to its own particular logic, disregarding the fact, of course, that a number of projects could form part of a programme.

In the fishing industry, for example, the bank has done yeoman service in financing at least 63 individual fishing projects, but there are aspects of the fisheries development programme which have not at all been addressed by the bank, one of which is the capacity for processing and the need for proper marketing arrangements.

My view is that when the bank takes a deliberate decision to change its portfolio allocations, that is to say, change emphasis from tourism into fishing, it ought to see it as a programme and deal with the entire components of the programme rather than deal with each project on a project by project basis. In this respect, I see the need for the bank to undertake, on its own account, a systematic study of the possibility of investments in fish processing, and perhaps even a study of the best systems by which we can handle the increased catch which result from its own investment in the fishing industry. Otherwise, we are going to have the continuing situation where we have the embarrassment of successes — the banks make large investments in a sector of activity, the investments give rise to increased output, but we have not put in place the other necessary things to ensure that the entities which borrow from the bank benefit from the increased output, and also place itself in a position to repay the bank loans generated in the first place.

If I may sum up, I want to congratulate the bank on its outstanding record to date. I would urge it to recognize that it is more than a bank, it is our principal developmental institution, and that as our circumstances change, the role of our principal developmental institution should also have to change itself, and that at this juncture, the principal focus of the bank as a developmental institution may not only be the financing of new enterprises, but it must also get involved with the rescue of existing enterprises. I think it has a role also in broadening the capital base of the country by stimulating the growth of a bond market, particularly in the area of housing and, to some extent, in the area of sugar. I also see the role of the bank being expressed in terms of its financing of research and development, and I see the need for the bank to move away from its project approach to financing towards a more programming approach.

I thank you, Sir.

SENATOR MISS J. CLARKE: Mr. President, I too rise to support this Resolution and like the other speakers who have gone before, I would like to associate myself with the congratulations and compliments extended to the Barbados Development Bank. It is common knowledge that the bank has, over the past

good progress and a remarkable one. This, we hope, will continue, and the Board will do all in its power to do so.

What particularly interested me in Senator Seale's speech and in the Leader's as well, was the fact that it took millions of dollars to generate 600 jobs. This is not often recognized, and you will find from time to time that people clamour for increased job creation and decreased unemployment. It is not always recognized that this is not easily done, certainly in terms of new ventures, or even existing ventures, and what I would like to think is that the bank would continue in this direction, and that somehow we could educate people to understand that it takes a lot of money to create one job. I think Senator Seale's figures were \$19 million to create 600 jobs.

When we think of the unemployment situation in Barbados, when we think of the economic situation in Barbados, we have to understand that we just do not have the wherewithall to correct the present situation immediately. It has to be a slow process, it has to be one which we continually attack — it is not something that can be handled overnight.

As I have said before, I hope that the Development Bank will continue to strive in this direction, and I hope that other institutions, as well as the Industrial Development Corporation, will continue to do their part. But we must recognize that the cost is significant.

Thank you.

SENATOR THE HON. N. A. BARROW: All I can do in responding is to thank the Senators for the support they have given to this measure and, in particular, for the public recognition for the outstanding job which the Barbados Development Bank, both at corporate level and at staff level, has been doing in the interest of the country.

The question that the Senate concur in this Resolution was put to the Senate and agreed to.

NATIONAL PETROLEUM CORPORATION (AMENDMENT) ACT, 1984

Order No. 1 was called — To move the Second Reading of a Bill to amend the National Petroleum Corporation Act.

SENATOR THE HON. C. A. GRIFFITH: The National Petroleum Act, 1979, came into operation by proclamation of the Governor-General on the 1st April, 1981. The general function of the corporation included the acquisition of licences or leases under the Petroleum Winning Operations Act, searching for and getting

petroleum existing in its natural condition in its strata in any part of the world, refining crude liquid petroleum; moving, storing or treating petroleum or anything derived from it; buying, selling or otherwise dealing in petroleum or otherwise anything derived from it and giving advice to the Minister on matters relating to petroleum.

Before that, when the Ministry of Finance and Planning assumed responsibility for Energy and Natural Resources matters back in June, 1981, it took a decision, which was approved by the Cabinet, to merge the National Petroleum Corporation and the Natural Gas Corporation. An Act to effect this merger, entitled the Natural Gas Transfer of Functions Act, 1982, came into operation by proclamation of the Governor-General. As a consequence, all functions, assets and liabilities of the Natural Gas Corporation were transferred to and vested in the National Petroleum Corporation but there were some aspects of the old Act, which remained to be dealt with, and one, of course, was the Gas Works Act of 1911, which forms part of the amendment to the present Bill.

The Gas Works Act established certain rights in the Barbados Gas Company with regard to the maintenance and extension of gas works and the supply of gas to Bridgetown and its environs. However, with the establishment of the Natural Gas Corporation under the Natural Gas Corporation Act and its successor, the NPC, it appears that the Barbados Gas Company and certain rights which it enjoyed under the Gas Works Act were not given statutory protection under the aforementioned Act, and what this Bill is intended to do is to repeal the Gas Works Act.

The amendment also intends to change the designation of some of the top staff. The title of the Chief Executive Officer of the corporation is now changed to bring this position in line with that of other Government Corporations. The post of Executive Director is being changed to General Manager, and the post of Deputy Executive Director is being replaced by one of Manager, Administration. The existing post of Manager for Technical Operations has been upgraded and placed on par with the newly created post of Manager, Administration, and these two officers will provide general managerial support to the General Manager.

I went into a bit of detail on that because I thought it would be useful to bring this Chamber up-to-date on what is happening in the National Petroleum Corporation, and hopefully to touch on some matters that were referred to in the Other Place and publicly by some people who claim to have an infinite knowledge of what is happening in the energy sector.

Under the National Petroleum Corporation since 1981, we have been clearly meeting with some successes. As the Prime Minister stated in the Other Place, it is a success story, and the facts and figures are there to prove it. I do not want to pre-empt the Chairman of the NPC. I believe at some point he will be making statements about the financial success of the corporation in the last financial year, but suffice it to say that because of the success of oil production in Barbados, the National Petroleum Corporation itself is doing very well.

12.10 p.m.

As a result of increased oil production we found that we have increased production in natural gas. In May 1983 the cumulative production was over 241 million cubic feet, and when you compare it with a similar period this year, the cumulative production in May 1984 is more than 306 million cubic feet. Of course we have comparative sales of natural gas to support the production, but when we talk of that kind of success, we also talk of the problems associated with success, and one of those problems is getting the natural gas sold and really put to the use of the people of Barbados in the most effective and efficient way.

Because of this success we have had to do a little bit of flaring, but we have systems in place to take care of the success of the corporation. Right now we in the Ministry of Energy are negotiating with certain international institutions to establish an LPG plant in Barbados. This would greatly benefit the people of this country, because we will be able to bottle our own gas in Barbados. I have been saying before that if we go into the bottling of natural gas, we would be able to better control some of the problems associated with the present system. We have had many complaints from consumers that they do not get their money's worth in bottled gas. And this is something we may be able to address once we have an LPG plant in Barbados.

The establishment of such a plant was first discussed in Cabinet in 1979 and approved by the Cabinet, but we could not get the necessary financing in place because there was insufficient evidence at the time that we had the reserves to support the establishment of an LPG plant. Now, because of our continuing production programme of oil, we have been able to increase significantly the reserves of natural gas.

The NPC also has in place a five-year programme for the installation of more domestic lines. They have started in several areas in Barbados and they are continuing with that, and that is one way we are going to be really emphasising the use of more natural gas. We are also hoping that with the installation of a new pipeline from Woodbourne to the Belle, with the increased pressure accompanying that, that the Barbados Light and Power Company will be able to use more natural gas in the burners it has installed for the use of natural gas and

use less fuel oil, thus solving some of the problems associated with the importation of fuel oil.

There have been some statements made in the past in which people take credit for the success of the Natural Gas Corporation and the NGC. The Government and the Ministry have remained very silent on this because there is no need to flog a dead horse, but I am really appalled at people who seem to take credit for success, when they have not even had association with the entity for many years.

12.20 p.m.

The people in the Democratic Labour Party who have been making claims that the Natural Gas Corporation was a success story under that Administration ought to be ashamed. I will just cite one incident to highlight the problems of the Natural Gas Corporation under the Democratic Labour Party's regime, indeed, under the administration of the then Minister of Trade and Industry, who is the person trying to take credit for the success of the NGC.

From 1969, as it was discovered by the present Government some time in 1977, the then managers of the Natural Gas Corporation, which was chaired by the Opposition Member for Christ Church West Central, were engaged in loaning themselves money from the corporation's coffers. This matter was never discovered until the Administrations changed. And the way in which they were doing it, they were doing it and getting away with it, because none of the audited financial statements were ever presented to the Board of the Natural Gas Corporation under the Democratic Labour Party's regime. And nobody in the Democratic Labour Party's regime ever asked for an audited financial statement. Hence, this infelicity went on and on and on, to the point where one manager was able to lend himself over \$60 000 from the finances of the corporation, and loan to other senior staff sums of \$20 000 and \$30 000. But under the watchful eye of the existing Board, we were able to uncover this and hence fire those people who were guilty. We have made some efforts at recovering the corporation's monies. That was going on under the Ministry of Mr. Branford Taitt, who was Minister of Trade and Industry in those days.

I do not want to get too much further into any attacks. I just wanted to cite that to show that a lot has been going that people want to take credit for. I really cannot imagine why anybody would want to associate themselves with that kind of "success".

I want to move from that just to touch a little on BNOC because this gives me an opportunity to make some statements on what is happening in the area of energy, how it affects us and how the international

situation impinges on what is happening in Barbados and the Caribbean.

BNOC, of course, is another success story. As I said before, NPC could not be a success story unless BNOC was a success story. Up to May 1983, cumulative production figures for the Woodbourne oilfield was 138 000 barrels of oil. That figure, up to May, 1984, was doubled. That is what I call success. Every month for this year so far there has been record production. The production in May was 1775 barrels of oil a day; to date in June, 1950 barrels of oil a day so far.

As far as sales are concerned, the year before last year the BNOC's sales were \$14 million in crude oil to the Mobil Refinery. In the last financial year, the sales were \$21 million. So, in spite of all the people who were attacking the Government's decision to purchase the operations, we now see that these two related entities are success stories in their own right.

I am particularly pleased with the work that was done by Mr. H. L. V. Lewis, who was an Executive Director of NPC, and I think that under the able chairmanship of Mr. Aaron Truss and the Board that NPC has done exceedingly well. It is in no small measure due to their contribution.

BNOC is a different matter. We have some expertise at BNOC, but I am still not happy about the management structure, particularly with regard to the financial expertise which is necessary in this operation. We are talking about an operation which has now reached the capital worth of some \$50 million, after being bought for \$12 million.

I have been making the point to the chairman that I am not happy with the management structure. We are now taking steps to get approval from the Cabinet to do some financial restructuring of the organization. We have to beef up the Accounting Department and we need to have more technical people. Only recently, we have been able to discover that if we hire another production engineer and a petroleum engineer, within a few short months Barbados would be self-sufficient in the production of its own gasoline and diesel. Self-sufficiency in those areas means reaching a production level of some 2500 barrels of oil. Of course, about 50 per cent of that would go into fuel oil.

I will touch on fuel oil particularly, because it has a relation to the generation of electrical power in Barbados. I will cite some figures to give the lie to some of the nonsense that we have been hearing about prices in Barbados.

As far as fuel oil is concerned, we have been talking in the past about the drop in the Import Bill both in volumes and in dollars because of the increased production in Bar-

bados. But because of the coming on stream of the cement plant, we will find ourselves importing more fuel oil in Barbados; and because we are going to be importing more fuel oil in Barbados, it also means that we are increasing the window of vulnerability. We produce about 25 per cent of the fuel oil needs in Barbados from our own oilfields. The other 75 per cent is imported from an OPEC member country, Venezuela.

Fuel oil, as a commodity, is not like carrots and potatoes that you can plant and reap a few weeks later. Fuel oil as a commodity has been subjected to certain swings in the international market. Indeed, only two weeks ago in the United States the price of fuel oil went up past the price of basic crudes. The reason is that as more and more refineries in the world increase their technical capabilities to produce more light fuels from existing crude, it means that there is less and less fuel oil produced, because, basically, before these crises, almost every refinery in the world would only get about 50 per cent of the crude available for production of light products, such as gasoline and diesels. The rest went into fuel oils, so there were always significant amounts of fuel oil available in the world.

Nowadays, almost every major refinery in the world is putting in conversion plants, which means that they can break down the fuel oils into more profitable and more saleable lighter products. That makes fuel oil as a commodity more difficult to obtain. It tightens the market for fuel oil, as far as supply is concerned. Once the supply is tight, it means that the price can go up. And that is the problem! It has been reflected in the United States, which I guess you can consider as one of the most perfect markets in terms of free enterprise where the price went up as a reaction to the tightening of the fuel oil supplies.

We are also vulnerable because of what has happened in the Persian Gulf. We must not make any mistake about that. So we cannot control the price of fuel oil which is used to generate electric power, but we can do some things about our vulnerability. One way is to encourage the Power Company to use more natural gas.

12.30 p.m.

In a debate on the price of energy in Barbados, the President of the Democratic Labour Party, who was also the Minister of Energy, said some things which I thought were very foolish. I thought they were foolish given the fact that he knows something about Marshall McCluham and the influence of the media. In 1965 when Marshall McCluham was talking about the success in information systems making the world a global village, all it meant was that whatever is happening in the world is at our finger tips the minute it happens. So when somebody gets up and says something outrageous, particularly a man in public life, he either does not understand what he is talking about, does not like the truth, or seeks to mislead. I am afraid to attribute any of those things to

the President of the Democratic Labour Party. But I believe it is incumbent on people in public life to recognise that it is time they stop making wild statements which are easily refuted.

I also blame the Press in this country. When a leading public figure in this country makes that kind of wild statement, it is the duty of the Press – and I may be expecting too much – to challenge these things. I am not blaming the reporters, I am talking about the management of the Press. The information is there for the Press; it is there for everybody. If any member of the Press had called the Ministry, or called Esso or Shell, they would have obtained information on the price, or they could have called the Barbados Light and Power Company and got the information to refute that wild statement.

I have a letter here from the Barbados Light and Power Company that I want to make a document of this Chamber. I particularly got it so that we could deal with this wild statement. I will read it to refute a statement that the people in Barbados pay the highest price for energy and energy products anywhere in the western hemisphere. It is addressed to the Hon. H. B. St. John, the Minister of Trade, who passed it to me. It is dated June 4, 1984, and states as follows:

The Barbados Light & Power Company Limited
P.O. Box 142
Garrison Hill, St. Michael, Barbados, W.I.

June 4, 1984.

The Hon. H. B. St. John,
Minister of Trade,
Ministry of Trade,
Reef Road,
Fontabelle,
St. MICHAEL.

Dear Sir:

This is in response to your request for comparative information on the price of electricity in the Caribbean.

We telexed a number of utility companies, and asked them all to telex us to express in US\$ what they bill for specified quantities of electricity per month as follows:

Domestic	100	200	500	KWH
Commercial				
with 20 KVA				
Demand	1,000	2,000	5,000	KWH
Industrial				
with 100 KVA				
Demand	10,000	20,000	50,000	KWH

We have received 10 replies eight of which provided full information as requested. The results have been tabulated

in order which reflects the overall ranking, and you will see that the price of electricity in Barbados is among the lowest in the Caribbean.

The information for the Consolidated Edison Company of New York, is included to illustrate that there is similarly priced electricity in the U.S.

We did not request information from Trinidad because their structure is not resource priced, and there is no common base for comparison.

Because of interest in this matter we are sending a copy of this letter to the Public Utilities Board.

Yours faithfully,
THE BARBADOS LIGHT AND POWER COMPANY LTD.

FRANK O. MCCONNEY,
Managing Director.

Attached is a tabulation, and I will read some of the prices in this tabulation. This relates to domestic customers, kilowatts per month, and they are expressed in United States dollars:

	Domestic Customers KWH Per month
	100
MONTERRAT US\$	20.80
ANTIGUA US\$	21.71
GUYANA US\$	15.68
ST. VINCENT US\$	19.11
GRENADA US\$	18.00
ST. LUCIA US\$	16.84
CON EDISON US\$	13.80
BAHAMAS US\$	17.50
JAMAICA US\$	20.79
BARBADOS US\$	15.33
DOMINICA US\$	13.72

This is quoted in United States dollars, and because the Barbados dollar is stronger than the currencies of most of these countries, you can see that it is significantly higher priced in those countries. In fact, what this tabulation shows is that Barbados compares favourably with Con Edison in the United States.

I will now read figures for commercial consumers with 20 KVA demand –

1000 KWH per month:	
MONTERRAT – \$224.70	CON EDISON – \$494.10
ANTIGUA – \$253.96	JAMAICA – \$202.90
ST. VINCENT – \$210.37	BARBADOS – \$203.80
ST. LUCIA – \$230.78	DOMINICA – \$190.53

It goes on and on. I want to make this a document of the House because it will hopefully put an end to all the demagoguery we hear.

I also want to cite some figures on the price of product in the Caribbean, for gasoline, diesel, and kerosene. In Antigua — I am talking about in those countries which use their own designation of E.C. dollars or Jamaica dollars — gasoline is \$4.96 a gallon. The others are:

DOMINICA	— \$5.73	ST. VINCENT	— \$5.33
GRENADA	— \$6.28	JAMAICA	— \$8.99
MONTserrat	— \$5.00	BARBADOS	— \$4.35
ST. KITTS	— \$4.75	GUYANA	— \$5.84
ST. LUCIA	— \$5.10		

The figures on diesel again show that Barbados is the cheapest — \$3.60 compared with Jamaica's \$5.99. Kerosene — Barbados \$2.35 a gallon, which was reduced in April 1983 in the Budget Speech by 28 cents a gallon. Only last week in Jamaica it went to \$3.71 a gallon. All these figures are here for public consumption.

When we hear these outrageous statements by responsible people in the community, we must be appalled, because when they talk about the price of energy, they keep forgetting that there are international influences over which none of us have any control. Indeed, if we were to look at the possibility of the closure of the Persian Gulf, through which some one third of the world supplies pass through in order for countries in the world to benefit by whatever supplies are available in the world, we would have to depend on the United States Government to release its 400 million barrels of oil that it has in strategic reserve. We would also have to depend on the Saudis, who have 60 million barrels of oil floating in reserve, and tankers floating around just for contingency purposes.
12.40 p.m.

It has nothing to do with us. We have to depend on financial and technical support, like most other developing countries, and we have done better than most of them in terms of meeting the oil crisis.

Only two weeks ago I was in Venezuela having a meeting with the new Minister of Energy, who indicated that there is a possibility that the Venezuelans will be moving to drastically revise the San Jose Accords. They might scrap them altogether or reduce the volume of oil available under those Accords. These things will affect us not only in terms of the price of oil, mainly in terms of foreign exchange allocations.

We also have to look at what is happening all over the world, for instance, in Vienna. People may think that these things are irrelevant, but they affect us every day. The IEA, International Energy Agency, in Vienna has contingency plans to supply the major western

industrialised countries in case of dramatic shortages. That has nothing to do with developing countries; it affects the major industrialised countries two of which are Commonwealth member countries, Canada and Britain. Because of that, we may see the need — and I think it is time — for a meeting of Commonwealth Energy Ministers to look at the price and supply of energy, and technical support for developing Commonwealth countries, because some of us are in a position where we can withstand the shocks, others are totally incapable of withstanding the shocks.

Look at what is happening in South Trinidad where there are strikes, and where there are problems with the Government of Trinidad and Texaco. That can affect the supplies of aviation fuel here, which is a bunkering fuel used in aircraft. It can also affect other small Caribbean territories who are without the storage capabilities that Barbados has. In a way, if these economies in the Caribbean are affected because of these things, we in turn get affected, and that is why I think it is important that we must always look at the global position and stop trying to dramatise the issue, especially when we are trying to make cheap political points.

Mr. President, I beg to move that the Bill be read a second time.

SENATOR A. W. A. McCLEAN: Mr. President, there is one little problem with this Bill that I find slightly difficult to support. At the highest level of abstraction its Objects and Reasons are quite commendable, but when you get down to the specifics in relation to Section 2 over on page 2, where they are indicating a new section 8A to be inserted, which indicates the amount of notice that the corporation must give to owners and occupiers of premises, and to the road authority, in the normal situation and in the emergency situation, you will notice that the emergency situation is quite all right, you will notice that even after the event, after they start digging up the roads. The normal situation is seven days, however, and this is entirely unacceptable.

We know the problem we have in Barbados right now where the different utilities come one after the other and dig up the road at short notice. And if it is within the discretion of any utility or any corporation to merely give seven days' notice to the road authority before they commence digging up the roads, you will find that the particular chaos we have now will always continue.

Ideally, what you should have should be annual plans. People should plan a year ahead and give a year's notice to the road authority so they can call in Light and Power, Telephone, Natural Gas and Waterworks, and look at the plans and shift them around this way so that everyone can go through a road together or, at least in

close proximity, so that the road can be repaired. But once during next year and probably not again for the next five or ten years.

We have had ridiculous cases in recent times. An outstanding one is that the Well Gap Road in the Lodge Hill area there above Cave Hill. That road was in bad repair for many years and all of a sudden a nice new Barber Green road was pushed through there, and two weeks after the same corporation here went through and dug it up and sent a line down to the Light and Power Company, and the road now has a big scar on top of it. The thing about it was that it was in the space of about two weeks. If the road authority had two months' notice they could have delayed resurfacing that road for two weeks and let the people have a nice smooth road now.

I think seven days' notice is unreal. This does not relate to what is appropriate in this modern age, and it ought to be amended to some suitable time, especially since you have the provision for emergency action where you do not have to give any notice prior to going in to stop a leak or what have you. In terms of normal notice, it should be rather more than seven days.

Beyond that I would like to congratulate Senator Griffith on his rather lucid exposition of the present circumstances relating to the Petroleum Corporation, and energy supply. I notice he never misses any opportunity to bring us up-to-date on matters, and I like that, but there are two flaws in his presentation which I would like to draw to his attention.

One is the suggestion that Bds. \$3.60 is less than Jam. \$5.99. The Jamaican dollar is only worth about Bds. .51 cents at the moment. It used to be worth about \$2.40 not so long ago, but under the guidance of the IMF they have completely destroyed that economy and made the value of the dollar out of sight.

The other point relates to the thing about relative prices of electricity. As a response perhaps to a statement that we have the highest priced electricity in the whole world, or in most of the world, that might have been all right, but it is missing the point. The essential point is that electricity in Barbados is overpriced, meaning it is higher priced than is necessary, than ought to be the case.

There is no point making comparisons with St. Vincent and Montserrat, because demographic and geographic circumstances indicate that we should have a cheaper supply of electricity than St. Vincent and Montserrat, Dominica has hydro, so theirs would be cheaper, and that is why theirs is cheaper, but once they do not have hydro and they are smaller than Barbados and they have more difficult terrain than Barbados — the population is not dispersed in a way to support the maximum utilisation of your distribution equipment — you will find that they ought to be higher priced than us.

There are other reasons too which, in some sense, the company will have to take credit for. For instance, the line losses are of the order of about 9 per cent, but in St. Vincent the line losses are of the order of 20 per cent. There are historical reasons for this. Some of those companies are owned by large corporations that can allow that if they want to, but the point is that line losses are considerable. What you will find is that, in spite of the fact that electricity might be higher priced in Guyana than in Jamaica or Barbados, those companies are operating at a loss really, and have to keep jacking up the price.

A clear statement that you can make is that the Barbados Light and Power Company has been awarded a level of profit by the PUB which is a record for all time and all places in the world, and they make more profit than any other Light and Power Company any part of the world, and any other established company in Barbados that audits the books and submits them. That is a fact and it ought not to be so. On top of that, it is collecting large sums of money in deferred accounts. They have deferred provisions for Income Tax and investment allowances. It is perhaps equivalent now to the equity of the company, collected in the short space of about four to five years — all because of over pricing!

The last decision of the Public Utilities Board allowed them money for corporation taxes payable, although they knew on the analysis that they would not have to pay any. They gave them about five to six million dollars on a notion that they should have those losses for tax purposes, about \$15 million, to carry forward. If you ignore those, the corporation taxes they would have to pay on the rates they were getting would be about \$6 million, so they gave them \$6 million which they would not have to pay. 12.50 p.m.

The only reason why that company is not earning twice as much profit as it is earning now is because of reductions in the efficiency of the operation in terms of the breaking down of some of the equipment. That company has an embarrassment of riches. It does not even have to come to the market to issue the shares that it was contractually bound to in terms of the loan agreement with the World Bank to issue shares by last year, not this year, in spite of all the noise they made about having to honour World Bank arrangements, the Public Utilities Board gave them rates way in excess of what was required at the financial level to honour those arrangements which they said they had to honour, and other aspects of it they simply ignored!

They gave them money to carry out an investment programme which they have virtually abandoned, you could say. They invested in a programme of over \$200 million which should come to an end next year — and it has hardly started yet!

They say that the demand for electricity has fallen off and there is no need for the things that they have projected. But good planning in the area of such a service is such that you should expand in periods when the demand is down, especially if you are making a lot of profit. There is no difficulty there, because when the economy turns around and the economic activities go back to trend, the outages that we are getting now, which are substantial, are nothing to compare to what will happen then. It is then that they will look around and talk about installing, and then they will be back before the Public Utilities Board wanting more money to do what they had money to do and did not do. These things are unfortunate and they are wrong.

There is a clear reason why you will find, however, that the company would never want to engage in any investment as long as their equipment can carry some kind of weight, because part of the arrangements given to them by the Public Utilities Board is something called "the investment allowance", which operates in such a way that any amount of money they spend in investment in any given year, is going to reduce their profits that would go to the bottom line for the distribution to shareholders by 9 per cent. Because the Investment Tax Credit is 20 per cent, and at the rate of 45 per cent of Corporation Tax would have to be reflected in their accounts as a 9 per cent out of whatever investment they engage in during the year. That would go into that fund and would not go down to the bottom line, and, as such, they would avoid that for as long as possible. When the time comes when they have to invest, they will come back for a new rate case, and give a new presentation showing what the situation is, and want the Board once again to give them money, as I said, to do what they had money to do before.

The whole business of the regulation of the Barbados Light and Power Company is totally disgraceful, and the Government should have done something about that long ago. That, to my mind, is the single most important block in performance of this Government in its broadest dimension in Barbados in the last so many years. It is a severe problem, and Government had better address it very soon, because part of the reason why there is so much unemployment in Barbados now is because the Light and Power Company is making it difficult for hotels and all sorts of people to make money. The profits that would generate the economy, they have transferred from other people to the Light and Power Company. That is not good enough.

I thank you, Mr. President.

SENATOR THE HON. C. A. GRIFFITH: I do not think that I need reply to what Senator McClean has said. I see he got very emotional, and I know that he is always

normally a cool and calculated fellow, but I think he is warming up for the next PUB hearing.

1.00 p.m.

I am not here to defend the Light and Power Company. The PUB is there to handle whatever problems the Barbados Light and Power has. I certainly am working more in the interest of the people of Barbados, and if there are problems that the Government must address as they affect the operations of the Power company, then we must certainly get involved. I am aware that Senator McClean has been involved in trying to bring certain matters before the PUB for many years, and I daresay he will not stop until somebody has taken his point.

I just want to touch on something he said about the comparative prices that I used. The only reason I did not make a point about the exchange rates is simply because in Jamaica they do not use Barbados dollars, they use Jamaica dollars. That is why I just left it at that.

The question that the bill be now read a second time was put to the Senate and agreed to.

On motion of Senator the Hon. C. A. GRIFFITH, the Senate resolved itself into Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

Clauses 1 to 7 inclusive were called and passed.

On motion of Senator the Hon. C. A. GRIFFITH, the Senate was resumed and the Bill reported as having passed Committee without amendment, Mr. PRESIDENT in the Chair.

On separate motions of Senator the Hon. C. A. GRIFFITH, the Bill was read a third time forthwith and passed.

Mr. PRESIDENT: We now revert to Item "Statements by Ministers".

STATEMENTS BY MINISTERS

STATEMENT BY MINISTER OF HEALTH RE THE NATIONAL HEALTH SERVICE BOARD BILL

SENATOR THE HON. O'B. TROTMAN: Mr. President, it was anticipated that the Senate would have debated the National Health Service Bill later today. In my view, this Bill is one of the most significant pieces of social legislation which has come before Parliament in recent years. It was felt therefore that it might be useful if I attempted to set the stage for the debate on this important Bill by making the following statement on the service which we seek to implement.

It will be recalled that in its 1977-82 Development Plan, the Government indicated that "the prices of drugs prescribed by doctors to patients within the health service will be reduced and standardized". Furthermore, Government "recognized the disparities and deficiencies of the present health system" and planned to address these problems by establishing a National Health Service.

The active planning phase for such a service began in 1978 when, arising out of the deliberations of a Cabinet appointed Steering Committee, Kaiser Foundation International - a non-profit U.S. based organisation - was selected to study the feasibility of a Barbados National Health Service. Funding for the study was provided by the Inter-American Development Bank (IADB) under an Agreement with the Government of Barbados.

Following on the recommendations of the Kaiser Foundation the Barbados Drug Service was established in 1980, with a specific mandate to seek to develop mechanisms for the containment and, where possible, the reduction of the cost of drugs to the consumer. To this end a Special Benefit Service was started in 1981, which provides drugs either free or at a subsidised cost to all residents 65 years of age and over; to children under 6 years of age; and to persons receiving drugs for the treatment of hypertension, diabetes and/or cancer. When this service was introduced only three private pharmacies were parties to the Special Benefit Service Agreement. Today, I am pleased to note, 33 private pharmacies are participating in the service. Regrettably, there are still some 19 pharmacies which have not as yet joined the Scheme, but I hope that they will soon be persuaded to become partners in this very successful venture.

Impartial observers are generally agreed that the Barbados Drug Service has, since its establishment, performed its functions most satisfactorily, so much so that the World Health Organisation has given the Drug Service the international stamp of approval by designating it as a "Collaborating Centre for Drug Management". These Centres form part of an international network, carrying out activities of reference, research and training in support of WHO's programmes.

With respect to the General Practice Service component of the proposed National Health Service, it was decided, after studying the Kaiser Report, to set up a Task Force comprising representatives of the Barbados Association of Medical Practitioners, Systems Limited and the Ministry of Health, to design a model for delivery of a General Practice Service which would be suitable for Barbados.

The model which was recommended by the Task Force was accepted, as long ago as 1981, by the BAMP as well as by Government. And one of the principal

features of this agreed model was that the GP services should be introduced in phases beginning with the provision of services for persons 65 years of age and over.

We have therefore now reached the stage when it is necessary to establish by statute the institutional framework for the provision of the recommended General Practice Services for the residents of Barbados, in circumstances where the beneficiaries will not be required to pay fees to the Doctors at the point of delivery.

Mr. President, the philosophy which has inspired the Government to seek to establish a truly National Health Service for Barbados is rooted in the principles so eloquently stated by one of the principal architects of the British National Health Service, Aneurin Bevan. He asserted "that the resources of medical skill and the apparatus of healing should be placed at the disposal of the patient, without charge, when he or she needs them; that medical treatment and care should be a communal responsibility and that they should be made available to rich and poor alike in accordance with medical need and by no other criteria".

The Government has been guided by these principles and therefore has sought to establish a primary health care delivery system where the rich and the poor will receive the same high quality care; where poverty will not be a disability and wealth will no longer be an advantage.

It is against this background that I will now describe briefly the general practice services which will be provided for the population of Barbados by the National Health Service Board which will be ultimately responsible to Parliament through the Minister of Health.

The General Practice Services

A General Practitioner who enters into a contract with the proposed NHS Board will be required to render to the patients on his/her Panel "all necessary and appropriate services of the type usually provided by medical practitioners in general practice in Barbados", including referrals for specialist and social services.

It is important to note that under the proposed Scheme a patient will not have to pay a fee to a NHS doctor for these services - they will be free at the point of delivery.

There will, however, be some services, which will not be considered a part of the NHS GP Services, e.g. the treatment of fractures, the administration of general anaesthetic, medical examinations for visas, insurance policies, etc. Accordingly, a NHS patient may be charged a fee by the General Practitioner if any of these services are carried out by the doctor.

When the Scheme is fully established any person resident in Barbados (not a visitor) may become a beneficiary by registering with any doctor of that person's choice, provided of course the doctor has joined the Scheme by entering into a contract with the NHS Board.

Although specialists will not immediately be under contract with the NHS Board, a NHS patient who requires the services of a specialist may obtain such services, without payment of a fee on referral by a NHS GP to a Specialist in the Out-patient Department of the Queen Elizabeth Hospital or privately at the patient's request and on the payment of a fee to the Specialist.

Under the proposed arrangements NHS GPs will be responsible for ensuring the provision of emergency services to NHS patients after normal office hours, but the Board may, in special circumstances, agree to relieve a GP of this responsibility provided satisfactory arrangements have been made for the provision of "After-hour services" for the patients on the GP's Panel.

The GP services will be delivered from approved private premises and from Polyclinics where the GP may rent space from the Ministry of Health, by general practice teams initially comprising a GP, as well as a clinic and a Records Clerk/Receptionist who will be employed by the GP but whose salaries will be reimbursed by the Board.

GPs will be encouraged to establish group practices. To this end a Group Practice Allowance will be paid to each GP in a group practice.

The NHS Board will not provide vision examinations, eye glasses, hearing aids and other devices; neither will it provide dental or specialist ophthalmic and psychiatric services which are presently provided by Government.

As already stated, the GP services of the NHS Board will first be provided for those residents of Barbados who are 65 years of age and over. The services for the rest of the population will be introduced as soon as practicable thereafter.

Criticisms

Mr. President, my attention has been drawn recently to a number of adverse comments about the decision to complete the establishment of the National Health Service by adding a general practice service which will be supervised by the National Health Service Board. These criticisms, it seems to me, fall into two broad categories. In the first place it has been argued that the GP service which is envisaged is not needed because the existing primary health care delivery system has been working satisfactorily over the years. And the second set of criticisms relates to the cost of the proposed general services which, it is said, will become burdensome.

It is true, of course, Sir, that the health record of Barbados has improved considerably over the past 50 years. The evidence of this may be seen in the fact that the infant mortality rate has declined from 217 per 1000 live births in 1937 to 17.6 in 1982. And life expectancy which in 1980 was 67.2 years for men and 72.5 years for women is comparable with that obtaining in the so-called developed countries. But what is equally true, as has been pointed out in the Government's recently published Five Year Development Plan is that "access to high quality services in the present health care system is based on financial criteria rather than on the most efficient and effective way of providing health care to consumers". And to those who contend that free medical care is presently obtainable at the District Out-Patient Clinics, the Queen Elizabeth Hospital and at the Polyclinics, my response is that this Government is committed to the abolition of what the Prime Minister has recently so aptly described as "pauper medicine". Moreover, it has been universally agreed that every effort should be made to reduce the burden on the Queen Elizabeth Hospital's Casualty Department which at present has to deal with an unacceptably high level of non-emergency cases.

The introduction of the National Health Service GP service will also encourage a rationalisation of the delivery of health care at primary, secondary and tertiary levels in accordance with the health needs of the patients.

With respect to the cost of the services four points need to be made. The first is that the payments system to doctors under the proposed Scheme will not be an open-ended one based on a fee-for-service arrangement as obtains in other National Health Schemes. Doctors entering the Barbados Scheme will be paid on a capitation basis, which was explained earlier, plus certain fixed and agreed allowances. Under this arrangement, the National Health Service Board will be able to control much more effectively the total cost of the services than is the case with a fee-for-service system as obtains in the USA and to a lesser extent in the U.K.

Secondly, great care has been taken to ensure that, unlike the situation in other National Health Service Schemes, the cost of administering the services to be provided under the Barbados Scheme will be contained within acceptable limits consistent with the demands of efficiency and effectiveness. In this regard, I wish to point out that the administration costs of the Board will represent no more than between 5% and 7% of the total annual cost of the operations of the Board.

Thirdly, the cost of all needed GP services will be spread over the years and across the entire population so as to ensure that no one will be deprived of health care when it is most needed and can be least afforded.

Finally, the expenditure which the Board will incur will not be all "new" money, since the community which presently pays fees to private practitioners for items of service will not have to pay these fees after the National Health Scheme has been fully established.

The Government therefore is not able to accept as valid the unsupported contention that the services which would be provided by the National Health Service Board will become burdensome to the taxpayers of Barbados.

This brings me, Mr. President, to the estimated cost of the proposed services and operations of the National Health Service Board.

Estimated Expenditure

The estimated expenditure per annum during the GP Services for the Elderly Phase will be \$3.9 million. And the total remunerations (including expenses) to be paid to the 60 doctors, who will provide the services, will range from between \$2.9 million to \$3.1 million or approximately between 76% to 80% of the total expenditure.

In the final phase when the GP Services will be available to all residents, it is projected that the total annual cost will be \$21.4 million. At that time a maximum of 100 doctors will, it is felt, be needed to provide the services and the total remuneration (including doctors expenses) payable to these doctors will range between \$19.6 million and \$20.3 million, that is between 92% and 95% of the total expenditure.

It should be added that Government expects to effect savings in respect of those funds now spent on the fragmented services of the district out-patients clinics (which will be abolished); and on the walk-in clinics of the Queen Elizabeth Hospital and the Polyclinics; as well as on the District Medical Officers since these posts will be abolished when the National Health Service Board's services are fully established (within 6 months of the introduction of the G.P. Service for the elderly.)

Negotiations with the BAMP

Negotiations between the Government and BAMP on the terms and conditions of service for the doctors to be contracted by the proposed NHS Board began in March, 1983. Thirteen meetings were held between Government officials and the representatives of BAMP during the period March 1983 and January 1984. Discussions centred on the remuneration package for doctors during the phase when they will be required to provide services for the elderly persons. While agreement was reached on a number of items the negotiating teams were not able to arrive at an overall settlement. I therefore decided to intervene and I met with representatives of BAMP in February. I had a most cordial meeting with the representatives of the Association, so much so that

another meeting was planned. Unfortunately it did not take place as BAMP informed the Ministry that it could not continue discussions on the NHS because of another dispute not connected with the NHS. However, I am pleased to be able to report that BAMP has informed my Ministry that "in the interest of implementation of an improved health service" it would be prepared to resume the negotiations.

Mr. President, the present position is that with regard to the remuneration package for doctors during the period when they will be required to treat a maximum of 450 elderly persons, agreement between the BAMP and Government has been reached in respect of the following fees, allowances and expenses:

- (a) A Group Practice Allowance;
- (b) A Continuing Education Allowance;
- (c) A Start-up Fee to assist doctors in preparing new patient records from old medical histories;
- (d) Seniority Allowances;
- (e) Reimbursement of Rent of Practice Premises;
- (f) Payments in respect of Operating Expenses; and
- (g) Re-imbursement of salaries of a Nurse and Records Clerk/Receptionist.

1.20 p.m.

There are therefore now only two remaining areas of difference as far as the remuneration package for doctors is concerned. These are —

1. The Capitation Fee to be paid in respect of each patient registered on a doctor's panel; and
2. The allowance to be paid for providing "After-Hours" Emergency Services.

When the service is extended to the whole population it is expected that a Senior Doctor with a full panel of patients and who is in a group practice, will have a gross annual income in the first full year of the scheme of \$104 330, with another \$81 500 to cover expenses such as rent, cost of utilities, travel, supplies etc. and cost of support staff.

"After-Hours" Emergency Services

Mr. President, I want now to deal briefly with the difficult question of how to ensure that there would exist a service for those patients on a doctor's panel who need emergency care outside the normal office hours of the doctor. The difficulty arises because while it is recognized, both by BAMP and the Government, that such a service is an essential feature of any good general practice arrangement, yet we are all aware that no doctor can reasonably be expected to be "on-call" 24 hours per day for each day of the year.

I wish to make clear that the problem is not whether an "After-hours" emergency service should exist, but how such a service can be organised in a way which would be least harmful to the desirable concept of continuity of care.

Notwithstanding all the difficulties, however, I am confident that a rational, reasonable and affordable arrangement will be worked out in the very near future.

In conclusion, Mr. President, I wish to take this opportunity to express publicly the Government's sincere thanks to the BAMP and its officials; and to the Barbados Registered Nurses Association and its officials for the valuable assistance and advice they have given to the Ministry of Health over the years thereby ensuring that we in Barbados by our joint efforts will establish an integrated efficient National Health Service of which we can all be justly proud.

Mr. President, it has been our intention to proceed with this Bill today, but in the last few hours it has

become clear that not enough information has yet been available to the General Practitioners throughout the country and as a consequence some points are now being raised which would need at least to be seriously discussed before legislation is enacted. Accordingly I propose to allow a further month or so during which these matters may be fully ventilated. After this I would be happy to proceed with the Bill.

Thank you, Sir.

ADJOURNMENT

SENATOR THE HON. N. A. BARROW: Mr. President, I move that the Senate do now adjourn *sine die*.

Mr. PRESIDENT: The Statement by the Minister will be printed and circulated to members.

The question that the Senate adjourn sine die was put to the Senate and agreed to.
1.25 p.m.

CONTENTS

PAPERS

Senator the Hon. N. A. Barrow 390

Report of the National Insurance Board on the National Insurance and Social Security Scheme for the period 1st January to 31st December, 1981.

The Land Valuation (Fresh Valuations) Order, 1984.

The Income Tax (Amendment) Regulations, 1984.

The Financial Statement showing Net Customs and Excise Receipts for one (1) month ended 30th April 1984.

The 9th Annual Report and Financial Statements of the National Housing Corporation for the year 1981-1982.

STATEMENT BY MINISTER

Senator the Hon. O'B. Trotman 390, 403

Statement on the National Health Service.

INTRODUCTION OF BILLS

Senator the Hon. N. A. Barrow 390

Bill to provide for the establishment of the National Health Service Board.

Resolution to approve the guarantee by the Minister of Finance of the payment by the

Barbados Development Bank of a principal sum not exceeding \$10 million and of interest thereon for the fifth issue of National Development Bonds to finance certain of its functions.

PUBLIC BUSINESS

INTELLECTUAL PROPERTY ACTS (AMENDMENT) ACT, 1984 391

Senator Barrow, 391.

GUARANTEE OF \$10 MILLION BOND ISSUE OF BARBADOS DEVELOPMENT BANK. 391

Senator Barrow, 391, 397; Senator Seale, 391, 393; Senator McClean, 392; Senator Wickham, 393; Senator Arthur, 395; Senator Miss J. Clarke, 396.

NATIONAL PETROLEUM CORPORATION (AMENDMENT) ACT, 1984 397

Senator Griffith, 397, 403; Senator McClean, 401.

ADJOURNMENT 407

SPEAKERS IN THIS ISSUE

ARTHUR, O. S.
BARROW, Hon. N. A.
CLARKE, Miss J.
GRIFFITH, Hon. C. A.
McCLEAN, A. W. A.
SEALE, C. D.
TROTMAN, Hon. O'B.
WICKHAM, J. C. W.