

Am. Letters

THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1986 – 91

SENATE

Wednesday, February 7, 1990

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, February 7, 1990, at 11.25 a.m.

PRESENT

His Honour Senator Sir Frank L. Walcott, K.A., O.B.E., LL.D., (President)

His Honour Senator M. deL. Jordan, (Deputy President)

Senator the Honourable L. V. H. Lewis (Minister of State in the Prime Minister's Office) (Leader of the Senate)

Senator the Honourable Sir James Tudor, K.C.M.G.

Senator A. Morrison

Senator N. W. Boxill

Senator Mrs. G. L. Eastmond

Senator A. J. N. Phillips

Senator the Reverend Canon I. McK. Jones

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

Senator C. A. Blackman, Q.C.

Senator Mrs. P. Y. Forde

Senator J. S. Goddard

Senator Dr. L. L. Shorey

Senator the Honourable Dr. C. D. Clarke (Minister of State in the Ministry of Finance and Economic Affairs)

Senator A. W. A. McClean

Senator Miss V. P. Brathwaite.

Prayers were led by Senator the Reverend Canon I. McK. Jones.

Mr. PRESIDENT: The Senate is in session.

INTRODUCTION OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to give notice of:

A Bill to amend the Insurance Corporation of Barbados Act.

MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE SENATE AND MOVED BY A MINISTER

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. L. V. H. LEWIS: I should also like to move the suspension of Standing Order 45 (2) to enable us to deal with this Bill today.

FIRST READING OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move the first reading of a Bill which seeks to amend the Insurance Corporation of Barbados Act, Cap. 311.

PUBLIC BUSINESS

Order No. 1 – To move the passing of a Resolution to approve the vesting in the National Housing Corporation of a parcel of land at the Crane, St. Philip.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, this Resolution relates to a parcel of land at the Crane, St. Philip, the property formerly of Collington Ltd. which was offered to the Government and an opportunity was seized to purchase the area of 46 718 square metres of land for housing development. This offer of land was accepted after discussions in 1986. Negotiations were held with the owner of the land and it was agreed that the land should be acquired for the purpose of housing development.

At the time of purchase, the land had already been subdivided into 71 lots of approximately 6 000 square feet. There was also partial development of roads and slipper drains. Water had been installed to serve some 24 of the lots and the electricity supply had already been installed. This

was planned as a private development before negotiations were conducted with the Government to purchase.

The reason why Government went after this purchase was that there was a demand for housing in the parish of St. Philip. There was a target population for low income housing and it was felt that the land could be subdivided into a further number of lots giving not less than 97 lots for development. The housing situation in the parish of St. Philip when examined indicated that, of all parishes, St. Philip had the largest area of vacant land suitable for housing development. There has been a growth in the population in recent times in St. Philip which has been exceeded only by the population increases in St. James and Christ Church. In St. Philip, the increase was .3% in excess of a national average for population growth. This positive growth rate augurs well for future planned development in the parish.

The National Housing Corporation therefore has been instructed to develop a sites and services programme for this land in St. Philip. In addition Government sees this as an opportunity whereby it may implement a planned land reform programme.

This Resolution, Mr. President, therefore seeks the vesting in the National Housing Corporation of lands which are presently owned by the Crown in its right of Government.

I beg to move, Sir, that this Resolution do now pass.

SENATOR A. W. A. McCLEAN: Mr. President, in rising to support the Resolution I wish to underscore the point that there is not only high demand for housing in St. Philip but indeed throughout the entire island. What expresses itself as an apparent increase in demand in housing in St. Philip is just but a reflection of the situation in which we find ourselves in this country when all too many of our citizens, all too many of our households do not have adequate housing and are urgently seeking to improve their circumstances in that particular area.

In the past 3 to 4 years quite a commendable effort has been made in this direction by our citizens. But as we are aware now, all of a sudden we are told that Government has decided to put employment and indeed housing on the back burner as it tends to grapple with the foreign exchange situation. I think that this has been indeed a most unfortunate state of affairs. First of all, because it postpones the day when many of our citizens can improve their housing circumstances and secondly, because it is entirely unnecessary to put housing on the back burner in that way just as it is unnecessary to put employment on the back burner in order to deal with our present problems.

And so I urge Government to reconsider its strategy in dealing with the foreign exchange crisis and try to adopt policies which will not cause mortgage finance to dry up.
11.35 a.m.

It seems as though it is not a mere accidental consequence of Government policy that this has been happening. It is entirely a deliberate act on the part of Government to slow down the construction sector and the construction of houses. Spokesmen for Government have been putting it abroad that this sector has been using altogether too much foreign exchange which we do not have. I am sure that a very careful examination of the matter will indicate that this is far from the case, that in the present circumstances of Barbados the local value added component in housing construction is much higher than in many other areas of endeavour within Barbados and most certainly much higher than in many areas of manufacturing in Barbados. To divert resources away from the construction of houses to other areas is in fact to divert resources from an activity which has quite a substantial local value added to other areas which may not have such a high value added. Instead of contributing to a solution of the foreign exchange problem, you may be compounding it. If you ask residents to re-order their expenditure pattern and decide not to spend their money in housing and to spend it on other things, you can consider the things that they will buy and ask whether or not those things will have a lower or higher local value added than housing. I suggest to you that the answer will be "no". Apart from the social benefits of the activity in the area of housing which are considerable, it is also an area between other areas of expenditure where the economic consequences for the external reserves are not as severe as Government spokesmen have been trying to make out. Therefore, I am suggesting that Government must quickly re-order its policies to stop the boom in housing construction from coming to an end all too suddenly. To do that, they must do all that is necessary to make sure that an adequate supply of mortgage funds is available.

There are two impediments to the supply of mortgage funds at the moment. One has to do with the interest rate structure. Government has increased interest rates in most other areas and the cost of funds to the lending institutions has increased consequentially arising partly out of the tight money situation; also where they have to compete (but also arising out of the fact that they can lend at higher rates in other areas) competing at higher rates of interest becomes worthwhile if you can on-lend at higher rates of interest. This therefore means that apart from those institutions that are dedicated to mortgage lending, the other financial institutions can find more profitable things to do with their money given the prevailing interest rate structure in the country. So they will not be altogether highly inclined to lend for mortgage purposes which would mean that those dedicated institutions like the Barbados Mortgage Finance operation would have to take up more of the slack and

maybe institutions which have a stronger social orientation to its programme such as the Barbados National Bank in its Trust Division might need to do that also.

The second impediment, however, relates to the restrictions which have been imposed on lending to the private sector and distributive sector.

Mr. PRESIDENT: Senator McClean, I do not want to stop you. You are dealing with a Resolution to move the passing of a Resolution to approve the vesting of a parcel of land by the National Housing Corporation at the Crane, St. Philip. I do not wish you to take this as an opportunity to deal with the whole economic position of Barbados. It is a specific composition that is before us. Deal with that please. I will not permit you to deal with those wider areas that you intend to cover. I will not permit you to go outside the ambit of the Resolution of what it is called for. Bear that in mind.

SENATOR A. W. A. McCLEAN: Mr. President, I bore that in mind from the start. I assure you that I do not have any intention of going outside the ambit of the Resolution.

Mr. PRESIDENT: The Resolution deals with the purchase of this land and vesting the rights in this land. Stick to that and let us have the debate on that if you agree or do not agree in the vesting of this land. I am not permitting the debate to run all over for a long period.

SENATOR A. W. A. McCLEAN: Mr. President, I assure you that I have no intention of dealing with the entire aspect of the Barbadian economy. I assure you that I intend to stay within the ambit of the Resolution which deals with a matter of acquiring land for the National Housing Corporation to provide sites and services for people to build houses to alleviate the housing plight in this country and that is what I am talking about, Mr. President. I do not believe that I should be confined to questions as to whether Government is paying the right amount of money for the land and such trivia. I am dealing strictly with matters pertaining to housing and this is a Resolution which forms part of Government's efforts to alleviate the housing problem. I am just indicating to you certain problems surrounding that consideration. There is no point of providing sites and services when nobody can buy the land and build houses on it and I am speaking to that particular difficulty. I do not intend to go outside of it.

As I was saying, there is a problem right now in prospective home owners in getting mortgage finance and if you cannot get mortgage finance you cannot acquire a property. You cannot get involved in this business of getting a site from Government with services installed on which you can build a house. You cannot get involved with any of the other activities of the National Housing Corporation which is dedicated in trying to improve the

housing lot of this country. That is what I am talking about. You buy houses with money. You have to borrow money to acquire a house on which you would be granted a mortgage from some lending institution. I am saying the present climate is such that there are severe impediments in the way of doing that and I am calling on the Government to remove those impediments. I am trying to explain in fairly clear terms what those impediments are and why they should be removed and why they can be removed without any grave difficulty. I was at the point of explaining that the restrictions on credit which have been imposed by the Central Bank would have gone way towards compounding that problem of lack of access to funding by those persons who want to acquire a home or one of these sites that form part of this Resolution today.

11:45 a.m.

I am saying that that is so because the restrictions imposed by the Central Bank are restrictions on lending to the personal and the distributive sectors. People who engage in housing, some people buy a complete house, you enter into a contract and decide to buy a house from NHC or some other person, other people go forward and try to construct their own house by hiring some contractor, architect, engineer or somebody to be responsible for the project. In every circumstance those people have to try and borrow money, because very few people have enough money in their pockets to pay down cash for everything they want in relation to the acquisition of a house. They find themselves, even if they can get some mortgage finance from certain institutions, having to be involved in borrowing something from a bank or getting credit from some firm in the distributive sector. If the banks cannot lend them, they cannot go and get any bridging finance from the banks. If the distributive sector cannot run an overdraft beyond a certain limit, if they have to cut back on the facility which they now enjoy with the banks they are not in a position to accommodate any home owners to credit them with lumber and other building materials in the same way as before. Indeed, they are not going to do it, recognising that at the other end the person may not even be able to get a mortgage to eventually pay them back that money.

I call upon Government to reverse those restrictions on the personal and the distributive sectors and to reduce the interest rate structure back to what it was before so that the mortgage rate becomes a reasonable rate in the context of the overall structure. That is the only way to re-establish an appropriate alignment between those rates. You cannot do it by raising the mortgage rate, because that would be compounding the problem from another angle, that would be making housing too expensive and putting it out of the reach of too many people.

I feel if I am going to say this, as a responsible Member of this Honourable Chamber, I ought to indicate why it is possible that that can be done, and for me to say

that, I will have to engage in some kind of discussion about the whole situation that the restrictions were trying to address. In deference to the submission from the President I will do that on another occasion.

My call, however, is for Government to recognise that housing should not be placed on the back burner. Housing for those persons who do not now have adequate housing should be accorded the highest priority, and it cannot therefore be shoved aside at the first little difficulty in relation to any foreign exchange, especially when it was not a major contributor to those difficulties. I therefore call upon Government to reverse that policy of putting housing on the back burner, to create circumstances where the Barbados Mortgage Finance Company will have adequate access to mortgage funds, and to create circumstances where Trust Companies will once again feel it makes sound business sense for them to resume lending for mortgages.

I thank you very much, Mr. President.

SENATOR A. MORRISON: Mr. President, I should just like to make a contribution to this debate and at the outset to reaffirm the Government's commitment to its housing policy which was enunciated in our Manifesto in 1986.

We are not bound by what the Governor of the Central Bank says. As far as I know, the Government has not changed its policy on housing. We have not raised the mortgage rates and we are continuing with the development of housing in the presentation of this very Resolution here where we are vesting land belonging to the Crown in the National Housing Corporation to further carry on that policy of providing housing for our small people and to get things in train to help as many people as possible in the low income bracket to acquire houses.

I do not see why Senator McClean should keep on harping upon the statement made by the Governor, and by implication would like to stick that statement on to the Government's policy.

Mr. PRESIDENT: Senator Morrison, I do not wish you to go down the same road that Senator McClean was going, because I am not permitting a debate today to enter into that. I want to be very clear. We are looking at a precise and distinct Resolution to approve the vesting in the National Housing Corporation of a parcel of land at the Crane, St. Philip. By no circuitous route am I going to permit a dragged-out debate on this into all the bylanes and the sideways of economic jargon. It is the approval that we are here asking the Senate to deal with. Any debate along those lines will be acceptable to the Chair.

SENATOR A. MORRISON: Yes, Sir, I am not going down any line of economic jargon as such, I am just trying to respond to the statement which was made, that the

Government's policy is to put housing on the back burner as the result of a statement made by the Governor of the Central Bank. I am not going to debate any economic policy.

Mr. PRESIDENT: Do not let us worry in here about what the Governor of the Central Bank says. I think that is good in its place, but the Governor of the Central Bank is not a member of the Senate. We cannot debate his statements in here. He cannot come in here and debate statements. Let us debate the matter before us and stick to that, please.

SENATOR A. MORRISON: Yes, Sir. I would just like to say that the Government has never issued any statement putting our housing development on any back burner because of any stringent financial policies. I would like to reaffirm the Government's commitment to the idea of providing housing for its people and this Resolution, where we are vesting this land from the Crown on to the National Housing Corporation, is one more effort to continue that commitment of the Barbados Government.

I would like to commend the Government at this stage for its foresight in having that land returned from the private developer in order to provide more land in St. Philip for the good of the poor people in the parish, and I would like Government by extension to find land in other parishes so that we will be able to provide the kind of housing development which this country so much needs.

We have earmarked land in St. Thomas which has been held up because the Member for St. Thomas has asked for a stay of execution in order that he can do certain things for the people in St. Thomas. It is not that we are not aware of the housing which is required in this country. We are working very feverishly in order to provide that kind of housing, not only in St. Thomas or St. Philip, but we are looking for land in other places as well in order to carry out that kind of programme which we have enunciated in our Manifesto.

Thank you, Sir.

SENATOR Miss V. P. BRATHWAITE: Mr. President, in rising to support the Resolution before this Honourable Chamber this morning, I wish to add my unreserved and unqualified support to the sentiments expressed by Senator McClean.
11.55 a.m.

I wish also, Sir, to question the targets of this housing programme at the Crane in St. Philip. For whom shall these houses be built? Sir, we have noted in recent time that the final cost of Government housing is so high that it still places the opportunity of owning a home far outside of the grasp of lower income earners in this country. The frustration which they feel is further exacerbated by the fact

that when they approach the National Housing Corporation in search of assistance to own a home, they are met with the realisation that the cost is still too high to afford them that dignity of owning their home.

If I could just point your attention, Sir, to the programme which was started and I believe which is almost completed by the NHC at Husbands Gardens in St. James, the final cost of those houses, Sir, targeted at lower middle income earners is in excess of \$70 000. That is why I ask Government to bear very strongly in mind the targets and what shall they pay with. When the land has been vested in the NHC, when the houses are built, what shall prospective home owners buy them with?

Finally, Sir, I wish to invite Government, as Senator McClean did, to review its policy in the area of housing. Senator Morrison alluded to the fact that mortgage rates have not been increased. That is a fact, Sir. But it is also a fact that the funds available for mortgage financing have dried up. What is the point then of keeping mortgage rates constant, but removing the base of mortgage financing from under the feet of those persons who wish to acquire homes. That is the question that Government must address, not the fact that you are following closely your 1986 manifesto, not the fact that you have not increased mortgage rates; but you must urgently address the question whether or not this mortgage financing is available, the availability of the mortgage financing, not the mortgage rates.

I, Sir, am not going to fly in the face of your earlier ruling that we are not debating the Governor of the Central Bank's comments this morning. But certainly Government's action in the area of housing does indicate that it has placed housing on the back burner. It need not articulate that policy. The fact is that in its policies and programmes as exemplified in the last few years, it is clear that housing has been placed on the back burner in two areas, Sir: firstly those lower income earners who cannot afford even to buy NHC houses, and secondly, to those persons who would normally be able to approach commercial banks for funding being turned away now and told that funds have dried up. So whether or not the position is articulated, whether or not the Central Bank Governor has mouthed the policy of Government, the fact is Government's action in this regard signifies that housing has been placed on the back burner, and I wish to call upon Government urgently to address this problem.

There is another problem, Sir, which exacerbates the situation, and that is that disposable income has been further eroded due to the general economic environment in the country. Persons no longer are able to save or to save as much as they would have to enable them to acquire a home. I want also, Sir, very briefly to enquire from the Minister of Housing what plans his Ministry has for those houses which have been constructed at Marchfield in St. Philip. I am not sure how many houses there are. But there are a consider-

able amount of houses which have been constructed on that site just outside of Six Roads in St. Philip; they appear from the outside to have been well advanced in construction; they have been painted; the groundsills have been plastered and they appear in a well advanced stage of construction. I wonder, Sir, what is the hold-up; why are they not inhabited? They could be in the vicinity of 100 houses if not more. I pass them every morning and every evening, and there is not a sign of life; there is no indication that they are inhabited. I know that persons have approached the NHC with a view to acquiring one of those and they have been informed that they are already allocated. I wonder if the Minister of Housing or the Leader of Government Business if he knows the answer, could inform this Honourable Chamber what is the reason for the hold-up.

There is a dire and a pressing need for housing in the country, Sir, and I wish Government not to close its eyes to the situation. It is dire and there is frustration and I wish to call upon them as a matter of great expediency to get on with the housing programme, get on with making funds available for housing, get on with alleviating the hardship and the frustration felt especially among the lower income groups in this country as it relates to housing.

Thank you.

SENATOR J. S. GODDARD: Mr. President, I rise to support this Resolution and I welcome the assurances given by Senator Morrison that it is Government's continuing policy to provide housing for the people of this country. That is and should always be a priority. We need to become a nation of house owners. Sir, it is the implementation of this policy that I am wondering about, because this Resolution today which I support is an attempt to implement Government's policy of providing housing for the people of the Island. But recent monetary measures introduced by the Central Bank do not seem to be in harmony with the implementation of Government's policy, and that I would ask Government to address. Because the people of this Island are getting mixed signals, and I therefore think it is important that there be some harmony between the implementation of Government's housing policy and the monetary measures needed to encourage and facilitate that.

I thank you, Sir.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the Government set out very clearly in its Development Plan 1988-93 that its objectives for housing included Government's participation in the housing sector to improve living conditions on the Island, thereby creating higher levels of socio-economic advancement.
12.05 p.m.

In the Plan there is provision for some 2 100 housing units each year on an average. My information is that in

1989 Government provided more housing than had ever been provided in the history of Barbados and yet there is bleating that Government has not lived up to what is expected of it.

In addition, Government indicated that it would provide a minimum of 1 200 service residential lots per year on an average. This Resolution seeks to provide some of those service residential lots and in the Development Plan specific mention is made of a similar project at the Crane, St. Philip and this is what we are addressing today.

In addition, Government has completed the houses in the West Terrace Gardens area, the joint venture project and they are moving on to other projects.

This land relates substantially to the Sites and Services programme so the question of providing high price housing for persons who would be unable to buy them does not arise.

Moreover, Government has not made any policy statement about putting housing on the back burner and this is well known. No residents have been asked to divert funds away from housing to any other area and that is why the mortgage rates have remained where they are.

If the call is for Government to find additional funding from wherever for housing mortgages, then Government has indicated that it would use funds available under the Housing Credit Fund and that these will be available for on-lending through the National Housing Corporation and Government is, in fact, pursuing that course. That is also provided for in the Five Year Development Plan.

I would only like to repeat. Of course, there must be available mortgage money for housing. There is no question of that and that is why there has been no authorized increase in the mortgage rates and Government is seeking sources of additional funding to enable it to respond to the need for mortgage money.

With those comments I beg to move that the Resolution do now pass.

The question that the Resolution do now pass was put to the Senate and agreed to.

ORDER NO. 2: INSURANCE CORPORATION
OF BARBADOS (AMENDMENT)
ACT, 1990

SENATOR THE HON. DR. C. D. CLARKE: Mr. President, this Bill seeks to amend the Insurance Corporation of Barbados Act, Cap. 311 in order to provide for an increase in the authorised capital of the Insurance Company.

It also seeks to provide for an increase in the General Reserve of the Corporation. In addition, it seeks to redesignate the title of the Chief Executive from that of Manager to Managing Director. It also seeks to protect the pension rights of public officers who may be transferred to the Corporation from other areas of the Public Service.

The Insurance Corporation of Barbados began its operations on March 1, 1978 with its principle functions of insuring the assets of the property of Government and certain statutory corporations as well as to carry on all classes of insurance business as defined in the Act.

After the first successful years of operation, the Insurance Corporation began to extend its operations and has expanded now to include general insurance services to the general public and, also, to engage in re-insurance.

I believe that the Insurance Corporation now is carrying 10% of the business of General Insurance Companies and up to 50% of this 10% of the business is now re-insured with TRINREC which is the National Re-Insurance Company of Trinidad.

Getting back to the question and the need for increasing the authorized capital and the General Reserve of the Corporation, apparently, any attempt under the Act as it stands now to increase the General Reserve is limited, that is, since the current General Reserve is more than the paid-up capital of the Corporation which stands at \$3 million, any attempt to increase the General Reserve is limited to 12 1/2% of profits.

Recognizing the inherent risk in the area and the problems which we encountered during the last two years with Hurricane Gilbert in 1988 in Jamaica and Hugo which even took a greater toll in this area in 1989, the Insurance Corporation of Barbados is now seeking to increase the cushion and in order to do this, given the Act as it stands, which limits it to 12 1/2 % of profits, it must, as a first step, increase the capital base which stands at \$3 million. So the first step is to allow the Corporation to increase the capital base to the \$3 million and by so doing this will facilitate the increase of the General Reserve and these would act as further cushions.

The third provision of these amendments deal with the re-designation of the Chief Executive as Managing Director instead of Manager. This does nothing more than to seek to bring it in line with the norm of the business that most Chief Executives within the insurance business are designated as Managing Directors rather than General Managers or Managers.

Furthermore, it tends to indicate to individuals working within the Corporation that there is greater upward mobility from Supervisor to move to the title of Manager and by and large it will tend to enhance the general morale

of the senior staff members and by so doing it will tend to retain more experienced members within the Corporation.

The fund provision seeks to provide protection to officers who may leave the Public Service and go to work for the Insurance Corporation of Barbados. There is nothing new about this provision. As matters now stand, the public officers leaving the Service and going to work for the Barbados National Bank and/or the Central Bank of Barbados, in both instances will be allowed to retain their pension rights. This amendment seeks to afford the same accommodation to public officers who may elect to go to work for the Insurance Corporation of Barbados.

Much has been said about statutory corporations in Barbados and I am particularly gratified that this is one of the success stories, that it has been profitable over the years mainly through prudent management and the efforts being made here today to amend the existing Act will further strengthen the operations of that institution.

I move that this Bill be read a second time.

SENATOR Miss V. P. BRATHWAITE: Mr. President, I rise to support this Bill and I wish also just to make some very brief comments in the area of insurance generally in this country and specifically with that section of our insurance industry which we call the offshore insurance industry.
12.15 p.m.

Sir, for some time now we have learnt that our captive insurance industry could be threatened by measures which are before Congress in the United States of America. We are already in a fiercely competitive captive insurance market. In this market, Bermuda was found to be more attractive in terms of proximity to the United States border, in terms of facilities and services which the country can offer; it was found to be more competitive and more attractive to those companies which wish to set up captive insurance industries offshore of the United States.

If the new measures which are being sought to be implemented in the Congress of the United States are in fact passed, they will not discriminate one country against the other, as far as Caribbean countries and captive insurance business are concerned. Indeed, Sir, all countries are likely to be affected. If passed, Sir, the effect of that Bill in the US Congress would be to put in place effectively a kind of double taxation treaty for those companies which operate offshore the United States. Those companies will then be exposed to a greater tax liability in the USA.....

SENATOR THE HON. DR. C. D. CLARKE: Mr. President, on a point of order, Sir. The only thing in common between what we are debating now and what I introduced is the word "insurance". We are dealing with the offshore sector. The last speaker who attempted to deal with

the offshore sector discussed the Insurance Corporation of Barbados and Amendments pertaining to that insurance company. This debate is following the wrong line. It is out of order.

Mr. PRESIDENT: I was giving Senator Brathwaite an opportunity, because she is a new Member – about the Rules of the Senate and the Rules of the debate. I did not want to be too harsh on her.

But we are dealing with the Second Reading of a Bill. In a Second Reading, you deal with the principles of the matter that is before the Chamber. I think that is what you have to do at this time. The principles of the Bill that is before us, not anything that is insurance. The principles of this matter that we have here, not any insurance.

SENATOR Miss V. P. BRATHWAITE: Thank you Sir, for your kind indulgence. But, Sir, if I understand it correctly we are dealing with the Insurance Corporation of Barbados Act, an Amendment thereto and I would have thought that it would be quite proper to explore, albeit in a limited way, the question of insurance, as it operates in this country. The fact that these industries are termed offshore does not mean that they do not operate within Barbados and that their activities do not touch and impinge upon our general situation here. It was to that aspect, Sir, that I was speaking.

The point that I was making, I will come briefly to it because it seems as though Senator Clarke has a slight difficulty.

Mr. PRESIDENT: It is not a difficulty that he has. It is a difficulty that I have, the Chair would have. He is not the Chairman unfortunately. I am the Chairman. I have to claim responsibility for how the debate is conducted.

SENATOR Miss V. P. BRATHWAITE: Sir, I do agree that you are the Chair. This is why I wondered why Senator Clarke sought to rule me out of order earlier.

Mr. PRESIDENT: We are giving a little leeway. Ladies sometimes have a little leeway and we all know this too. We are very gracious to ladies. We have not lost that.

SENATOR Miss V. P. BRATHWAITE: Thank you again, Sir, the point I was making, Sir, and I shall come briefly to it, as I said, is simply this. The general insurance business in Barbados incorporates the captive insurance industry. I just wonder what the effect of what could possibly happen in the United States, could mean for us here in Barbados, in terms of our insurance industry?

I wonder what effect it will have on our foreign exchange position because the whole meaning and intent of allowing and inviting these offshore businesses, the underlying intent, is to earn and to attract foreign exchange.

I am going to call upon Government, if it is at all possible, to do all in its power not to allow the effect to make our situation here, as far as our foreign exchange position is concerned, too difficult, because, Sir, I know that would spell a deeper gloom for unemployment and housing because they now take second place to our foreign exchange position.

Thank you.

SENATOR J. S. GODDARD: Mr. President, I rise to support this Bill. It is prudent that corporations in both the public and private sector be properly capitalized. I do not think it is any secret that in Barbados generally, the public and private sector, that most of our corporations by the standards of the developing world are under-capitalized and have to rely too heavily on borrowed funds.

However there is a big difference between the private sector in one respect. In the private sector when the capital base is eroded, that means bankruptcy. In the public sector when the insolvency in the first instance is followed by bankruptcy, in the public sector, more often than not, when the capital base of a statutory corporation or body has been eroded, they get transfer payments from the Consolidated Fund, or they get bonds supported by Government guarantees. That does not lead to efficiency and therefore the burden on the statutory corporations is to have very capable people on their Boards and in places of management and to have them fully accountable for maintaining the integrity of the capital base which is of very great significance. I am not referring to the Insurance Corporation of Barbados because, if my memory serves me correctly, it has been an outstanding example of a very successful corporation in the public sector.

Applause.

SENATOR J. S. GODDARD: I want to make a general statement regarding accountability within the public sector and indeed financial integrity within all the statutory corporations and bodies within the public sector.

I am very happy to support this Bill, Sir.

Thank you.

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

On the motion of SENATOR THE HON. DR. C. D. CLARKE, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, HIS HONOUR M. deL. JORDAN in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Chairman, since there seems to be no dissension in the matter before us, I would ask leave of the Senate to call all the Clauses at once.

Mr. CHAIRMAN: There being no objection, you may proceed.
12.25 p.m.

Clauses 1 through 7 were called and passed.

On the motion of SENATOR THE HON. DR. C. D. CLARKE, Mr. CHAIRMAN reported to HIS HONOUR, The PRESIDENT, the passing of one Bill in Committee, and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motion of SENATOR THE HON. DR. C. D. CLARKE, the Bill was read a third time and passed.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. President, we have come to the end of Public Business for today. I would like to move that the Senate be adjourned *sine die*.

SENATOR THE HON. C. D. CLARKE: I second that, Sir.

The question that the Senate adjourn sine die was put to the Senate and agreed to, and Mr. PRESIDENT adjourned the Senate accordingly.
12.30 p.m.

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