
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1991 - 96

THE SENATE

Wednesday, April 6, 1994

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, April 06, 1994, at 11.15 a.m.

PRESENT

His Honour Senator M. deL. JORDAN, (President)
Senator J. J. PAYNE (Deputy President)
Senator the Honourable L. V. H. LEWIS, G.C.M.
(Minister of the Environment, Housing and Lands) (Leader of the Senate)

Senator A. MORRISON

Senator Mrs. V. C. FRASER, B.S.S., J.P., M.C.F.A.

Senator A. J. N. PHILLIPS

Senator the Honourable Dr. C. D. CLARKE,
(Minister of State, Ministry of Economic Affairs) (Deputy Leader of the Senate)

Senator Dr. F. W. ALLEYNE

Senator Miss Y. V. WALKES

Senator Dr. E. A. SIMMONS

Senator Mrs. A. STRAUGHN, G.C.M.

Senator Mrs. M. WALCOTT, S.C.M.

Senator W. LeR. INNISS

Senator the Venerable Archdeacon J. L. SPRINGER

Senator J. A. F. COLE

Senator T. E. BARKER

Senator Miss M. A. MOTTLEY

Senator T. C. BECKLES.

Prayers were led by Rev. Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

PRESENTATION OF PAPERS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I am commanded to lay the following documents:

Barbados Structural Adjustment Strategy;

1993 Annual Report and Financial Statement of the Central Bank of Barbados;

International Business Companies, (MCC Capital Limited) (Rate of Tax) Order 1994;

Praedial Larceny Prevention Regulations, 1994;

The Economic Report 1993.

PERSONAL EXPLANATIONS

SENATOR Dr. F. W. ALLEYNE: Mr. President, I rise to provide this Chamber with an explanation of my failure to contribute to the debate on the Appropriation Bill. I believe I owe this Chamber an explanation.

I wish to assure you, Mr. President, that my failure to contribute to the Appropriation Bill, 1994 was in no way meant as disrespect to the Chamber. I think it is important for me to say that because you have always shown the highest level of respect to all Senators, and I believe that is duly returned to you.

I wish to assure Senators as well that it was not meant in any way in disrespect to them. I deeply regret, Mr. President, the opportunity lost. I cannot claim that I fully understand the circumstances which led to it, but I wish you, Mr. President and Honourable Senators, to

know that it certainly was not due to a lack of diligence on my part because I was involved in trying to garner the information to bring Senators fully up-to-date on a matter which during the course of my contribution which was raised by Senator Williams.

I think it is imperative that I do this, because I notice that in the weekend *Nation* of two Saturdays ago was a report which mentioned that myself and another Senator and said that we were absent from the Chamber at the time of the debate. It is true I was not in the Chamber but I would like to believe that I was ready and it was known that I was readily available, that I wished to speak.

An opportunity lost is an opportunity that cannot be regained and I think that is as much as I wish to say but I certainly with your permission would want Senators at a time convenient to them to pay attention to two particular things in the Estimates which I had planned to raise in time and those are the provisions under Object Nos. 211 and 611. I would not go into any detail on them but I thought I would say that. Also to take note of what I consider to be an omission with respect to provision for financing of the University of the West Indies.

Thank you, Mr. President.

Mr. PRESIDENT: Thank you for your personal explanation, Senator Alleyne. I should like to respond and say that I certainly give every Member of the Chamber an opportunity to speak and there was no one present who had not yet spoken who had indicated any desire to speak. That is all I can say.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, my comment has to do with not only the comment of Senator Alleyne but specifically based on Senator Alleyne's comments and his reference to an article in a newspaper, the *Saturday Sun* or something like that, which said that there was – and I don't remember the words – chaos towards the end and that Senator Lewis moved the Third Reading of the Bill. A gross inaccuracy, Mr. President, because when the Third Reading of the Bill took place I was not even inside the Chamber.

I think that it is important that our record show that. I was within earshot and I came in immediately after. I was still not in the Chamber nor was I leading that particular matter. So the question of my doing the Third Reading would not have arisen even if I had been inside of the Chamber. It is clear that the person whoever wrote the story was not even present or if the person was present they were fast asleep because my voice is in no way similar to anybody else's in this Chamber. That is all I have to comment on the matter, Sir.

Mr. PRESIDENT: Thank you, Senator Lewis, for having drawn that to my attention. As a matter of fact, I was not aware that there was a newspaper article claiming that there had been chaos in this Chamber if not I perhaps might have taken that up. I was not aware of that and I certainly deprecate that very much. I must say that there was absolutely no chaos in this Chamber. I should like that to be very clearly reported.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move that Standing Order 45(2) be suspended for today's sitting to enable us to deal with one or two matters which are on the Order Paper and for which we will subsequently move First Reading of the Bills. We would wish to proceed with them in all stages today.

The question was put and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I move the First Reading of:

The Shipping Bill, 1994;

The Shipping (Oil Pollution) Bill, 1994; and

The Praedial Larceny (Amendment) Bill, 1994.

I beg to move that these 3 Bills be read a first time.

The question was put and agreed to.
11.25 a.m.

ORDER NO. 1 – RESOLUTION TO APPROVE THE BORROWING BY GOVERNMENT OF UP TO US\$50 MILLION FROM INTERNA- TIONAL CAPITAL MARKETS AND OTHER MATTERS

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, this Honourable Chamber is being asked to approve the borrowing of the sum of up to US \$50 million from the international capital markets for the purpose of financing Government's capital works programmes and also to approve the establishment of a sinking fund for the redemption of each issue of securities and the monies necessary to maintain and service the said fund.

Mr. President, much has been said and written recently about the performance of this Government and its ability to borrow in the international capital markets. As a matter of fact, it has recently been stated that the

improved financial rating of the Government of Barbados as indicated by the "Institutional Investor", a reputable and renowned publication, was not due to anything or to any efforts on the part of the Barbados Government. I shall attempt to put this to rest.

Turning to the Economic Report of 1993, we find that foreign debt in 1990 represented 45% of total debt and as a percentage – that is foreign debt service as a percentage of exports of goods and services – was 15.4%. This is important because at the end of the day if we are to service our foreign debt it is only from the export of goods and services that we can service that debt unless we roll over the said debt, that is, borrow further to service existing foreign debt as it matures. It is important that our debt capacity be monitored rather carefully because it is against this as we go into the foreign markets that would-be investors would pay particular attention to.

Now, in 1991 the foreign debt was \$778.7 million or 41% of total debt and the foreign debt as a percentage of goods and services at that time was 15.6%. In 1992 although foreign debt fell to 36% the foreign debt service as a percentage of exports of goods and services increased even further to 17.8%. This was during the period when we were confronted with the maturing of those bullet loans obtained from Japan and debts incurred during the second half of the 1980s.

Today, Mr. President, in 1993, the total foreign debt is \$661.2 million or 29% of the total Government debt and foreign debt as a percentage of the exports of goods and services is now down to 11.5%. What this is saying, Mr. President, is that Government is now relying more and more on local debt to finance most of its capital works rather than relying on foreigners to finance our capital works programme.

In addition, in a crisis we are not confronted with having to find foreign exchange to honour and service our foreign obligation because if the majority of the debt is held locally, then, of course, we can more easily finance it out of Barbados currency rather than having to seek foreign currency. The improvement as foreign debt as a percentage of total debt and as foreign debt as a percentage of our exports and services, these two ratios would clearly indicate that through responsible fiscal management of the Barbados economy that our overall position has been improving and that is why, in part, that the rating in the "Institutional Investor" will improve.

The specific characteristics of this loan are as follows: The debt is being arranged by Bankers' Trust International PLC. It will be drawn down in at least an initial tranche of first drawing, if you will, of up to \$25 million. I want to repeat this. The first tranche or first drawing will be up to, that is, it will not exceed US\$25 million.

The coupon and price issue will be 425 – 450 basis points above the United States three-year Treasury Note and that rate was reported yesterday at 5.96%.

I should add, Mr. President, that I have been made to understand that is the first time that this market, the United States market, is being accessed for long-term financing and whereas in the London market most loans are tied to Libor, the London Inter-Bank Offering Rate, this coupon issue price is being tied to the United States three-year Treasury Note.

The maturity of this Note will be three years. It is to be noted that the programme does not have a final expiration date but will be continued provided that the requirement of pertinent information on the performance of the Barbadian economy is updated periodically is met. There will be a commission paid of 1.75% and an arrangement fee for processing this loan of US \$75 000.

During the introduction of the Appropriation Bill the capital works were spelled out so there is no point in going over it here but the financing – these funds will be used to finance the capital works programme in Barbados.

With those comments, Mr. President, I beg to move that this Resolution do now pass.
11.35 a.m.

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Mr. President, I have no difficulty in supporting Government in its attempt to raise international loans. I have said, in this Chamber, on many occasions that over the past 3 years the Government debt's policy was wrong. I want to explain further why I am saying that.

In March 1991, as recorded in the Central Bank's publication Economic and Financial Statistics the foreign component of our national debt was just over \$900 million, \$904.5 million to be exact. In spite of the fact that from then until now we have had declines in most of our export earning sectors. The manufacturing sector showed a decline, the agricultural sector continues to decline. It is only the tourism sector and even then, in those 3 areas the tourism sector had declined and it is only now that it is showing signs of growth that in spite of all that the foreign component of the national debt declined from over \$900 million to \$661 million last year. That is a decline of over \$240 million in those 3 years. I would repeat that this came about at a time when our export earning sectors are at their lowest.

What that meant is that foreign exchange which should have been used for productive purposes,

foreign exchange which could have been used for improvements in investment in both the agricultural and the manufacturing sector and the tourist sector, money which could and should have been used to further expand our capacity to earn foreign exchange is going to servicing external debt.

I do not believe that there is any great merit in reducing the country's foreign debt. I believe that there is merit in making sure that the productive sectors especially those that earn foreign exchange are operating at such a level as to make the repayment of such debt as easy as possible. That, Sir, is my philosophy. Make sure that you are earning enough foreign currency to honour your debt obligations.

When we went into the IMF programme where it is specifically stated, Sir, that we could not borrow except to redeem debt that puts us in a bind. It puts us in a bind that if we can remember in late 1991 we had a problem where the importing of hatching eggs for the poultry industry were under such severe constraints as far as foreign reserves go that for a few weeks we were unable to import hatching eggs into the country with the obvious result to the poultry industry at that time.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Mr. President, I am not aware that foreign exchange was not available to any sector of the Barbados economy for productive purposes. If the Honourable Senator is in possession of such information, I wish he would tell us where the source is and share it with this Chamber.

Mr. PRESIDENT: Thank you.

SENATOR T. E. BARKER: I am not in a position, at this time, to state my sources but I know for a fact, Sir, because I am involved, to some extent, in a very small way in the rearing of poultry and there was a time when we could not get young chickens in Barbados.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir, the Honourable Senator said he could not get hatching eggs and now he is saying he could not get chickens.

Aside.

Mr. PRESIDENT: Senator Barker, we cannot have that. If you are not on your feet you cannot be speaking across the paper like that.

SENATOR T. E. BARKER: Sir, I stand by my statement that towards the end of 1991, because of foreign exchange difficulties, there were not enough hatching eggs

and baby chicks in Barbados to supply local demand. I know that for a fact.

I also know that the BNOC the Barbados National Oil Company at one time wanted to borrow three quarters of a million dollars to carry out their drilling programme and the bank refused them. I made mention of that on some occasion in here.

Mr. PRESIDENT: You said the bank.

SENATOR T. E. BARKER: The National Bank who are their bankers. They refused the loan because of the foreign exchange element in it. I remember speaking to people in high office about this same matter.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. The National Bank does not control the allocation of foreign exchange in this country. It is the Central Bank of Barbados. The Honourable Senator should know much better than that.

Mr. PRESIDENT: Thank you.

SENATOR T. E. BARKER: Sir, the point is that the petroleum industry in Barbados was starved of funds around December 1991 because of the foreign exchange difficulties that we were undergoing. I stand by that.

The point I am making is that in late 1991 when the foreign exchange difficulties were at their most severe, the productive sectors in Barbados were suffering from a shortage of foreign exchange. At the same time we were taken up with what foreign exchange we had in order to service our external debt because we had locked ourselves into an agreement with the IMF. We had specifically stated that we could not borrow any money during the life of that agreement unless it was specifically to redeem foreign debt. I am just highlighting the shortsightedness of the Government's debt policy in the last 2, 3 years. Because it puts the productive sectors of this country in almost a ruinous state where they could not get money for investment and other purposes. Furthermore, Sir, because of our mismanagement of our foreign reserves we had to suppress local demand to the extent that for a long time because of the foreign exchange difficulties we had to discourage by way of increases in our taxes as well as reduction in disposable income. We have to discourage citizens from using up foreign exchange.

All of us know that there are some times when a Government has to make that decision that in the short term in order to stem an outflow of foreign exchange you have to reduce local demand. That happened and it will happen again. The length of time during which demand was suppressed caused ruin to a lot of the

manufacturing sector especially. Because the citizens of this country because of the debt management policy of this Administration were unable to make the necessary purchase. Even things which are locally made, for example, furniture has a high foreign exchange component because of the raw material has to be imported.

The reduction in demand meant that the local firms facing a dwindling local market were not getting the economies of scale which would enable them to be competitive in the world market. In my view it is a foolish notion that you can separate local and export activities. But it does not work like that. Take countries which are successful exporting countries, their success was built on a reasonably strong local economy which consumes a lot of their goods. Japan, for example, and other Far East countries with a sizeable local market, were able to get economies of scale. The unit price of their exported goods could then be lower and as a result make them more competitive in the world market.

11.45 a.m.

Sir, the Honourable Member on the other side would appreciate the wisdom of that statement, that you cannot just isolate the export market. So that was wrong policy and in my view brought on by ignorance in the true sense of the economic reality facing our country.

Sir, I felt at that time that what was needed was a big foreign loan to allow the country to have a consumption level which would help industry and agriculture because with a suppression in consumption as happened over the past 2 years, between 1991 and 1992 there was a 25% decrease in consumption activity in this country. The record is there. Consumption activity declined by about 25% in one year and as a result it threw the whole economy out of gear.

I am saying, Sir, that this is because Government had the wrong debt policy. They should have made sure that the national debt, while not allowing it to increase, at least allowed it to remain reasonably stable. To have it declining by \$200 million put our economy in difficulty. So, Sir, I am saying all of that to say that I can support Government in seeking to raise the \$100 million on the capital markets.

Sir, I think I made the point in here that we boast about our credit rating. We boast about it and I take credit in it too, because I am glad that the country in which I live, that its name is good in the world. I made the point, Sir, that if we have such a good credit rating how come it is that we cannot get loans? To me it does not make sense to have the best credit rating in the hemisphere and then you find yourself unable to get loans. I am glad now that the Government is trying. I hope they will be successful, because Sir, what we are approving is not a loan, we are

approving a programme which hopefully would bring in the required funds.

Sir, do not let us fool ourselves that we are approving a loan. We now have to see if we can get the loan. And, Sir, I hope, in all sincerity, that for the benefit of Barbados, the Government is able to raise the necessary funds on the capital markets.

Sir, the Minister in his presentation made some interesting points. He mentioned our ability to service foreign debt and, Sir, that is a crucial point because under this administration, because they actually destroyed the sugar industry and because under them exports have declined tremendously, and, Sir, the figures are here for everybody to see, that whereas in 1986 our domestic exports were \$420 million, in 1992 it was \$274 million which is a big decrease given the fact that in that period prices would have also decreased.

Sir, if we go further, in 1985 it was \$496 million so we are now exporting about half of what we were exporting 8 to 9 years ago. Sir, this Government because of its shortsighted policies, especially as it relates to agriculture and manufacturing, has seen the proportion of goods and services needed to service our foreign debt increase from 6% in 1986.

Sir, I am quoting from the Economic Report that was laid in this Honourable Chamber today. 6.3% was the proportion of our export of goods and services that was needed to service our foreign debt. By 1992 it had risen to 17.8%, almost triple. And last year, as the Minister said, 1993, the provisional figure is 11.5%. So again we are glad.

Now the point is, Sir, that we must not look at our foreign debt in isolation but we must look at it in relation to our exports. If our exports were going at the level that they should be going then the amount of foreign debt that we have would not pose the problem that it has posed. What has happened, Sir, is that we have destroyed 2 of our main foreign exchange earning sectors – manufacturing and tourism, and the economy for the past 2 years has been standing on only one leg, that is the tourism leg and because we had difficulty in the past two years it has set us back tremendously. Sir, it is a case of putting all of our eggs in one basket because we all know what happens to that sometimes.

Sir, what is needed then is for the country to make sure that the export earning sectors, especially manufacturing and agriculture, are given the necessary inputs and the necessary help in order to make them achieve the levels which they were achieving 8 to 9 years ago and which they are capable of achieving.

One of the saddest things about the last few years is that we have a ready-made market for sugar, at least in the short to medium-term and we have to use our foreign exchange to import sugar from Guatemala and God knows where when the country has a capacity to be fulfilling its obligation both external and internal.

Sir, while I support Government in raising the foreign loans, the Government must make sure that when the time comes to repay these loans that the sectors which are earning foreign exchange are well serviced. That is why, Sir, I am a little bit worried that in the past we have not been paying attention to this.

Sir, another aspect about the Government's debt policy which we have to look at is the proportion of our debt which is local as well as from external sources. The Minister is praising himself that they have reduced the foreign component of the debt from 45% to 29% last year. I hope I am not misquoting him. At December the foreign component of the national debt was 29%, using the Minister's calculation.

Sir, the point is, what is the effect of too large a reliance on local financing for Government activities? Sir, what it means is that the money which could have and should have been used by other sectors is now soaked up by Government. Sir, we must get one thing clear. There are not many companies in Barbados who can go on the foreign market and borrow loans. There are very few companies in Barbados that can do that. Even so, Sir, some of the large companies that do it, only do it if Government themselves guarantee on the loans. For example a lot of the Light and Power loans are guaranteed by Government because it is not easy for a private company or a private individual to borrow money on the capital markets. Governments can do it so I believe, Sir, that Government should be encouraged to go into the external markets and leave the local funds for the local businessmen.
11.55 a.m.

What has happened in the past few years is this and I want to look at the Central Bank's publication in the monetary survey. Sir, this is on page 37 of the same document from which I quoted earlier. It shows, Sir, that at the end of 1990 the amount of credit outstanding to the private was \$1 319 000 and at the end of 1993, three years later in spite of the fact that prices have risen in those three years, the amount of credit which is outstanding to the private sector has declined from \$1419 million to \$1281 million. The private sector, including all of the local firms and so on, has less credit outstanding at the end of 1993 than it had at the end of 1990. Now what about Government, Sir? At the end of 1990, Sir, Government had outstanding \$498 million in debt in domestic credit. By the end of 1993, whereas the private sector reduced their debt

obligation, Government had increased theirs from \$498 million to \$650 million. What happened, Sir, is that while the local firms could not and I use "could not" advisedly get funds...

SENATOR Dr. F. W. ALLEYNE: On a point of order, Sir. That book which the Honourable Senator is quoting from states that there has been a shortage of liquidity in the banking system for the last 3 or 4 years. I think that it is erroneous for the Honourable Senator to indicate this to the Chamber. It is incorrect.

SENATOR T. E. BARKER: Sir, did the Honourable Member say that it is incorrect to say that the Government is soaking up the credit at the expense of the private sector? The result shows, Sir, that where the private sector has less debt than it had in 1990 but Government has a lot more debt now than it had in 1990. I want to make this point, Sir.

SENATOR Dr. F. W. ALLEYNE: Mr. President, on a point of order. Through you, Mr. President, I would like Senator Barker to tell us what page and what year where he sees the statistics.

SENATOR T. E. BARKER: Sir, this is on page 37 and I thought that I had stated explicitly what year I was speaking about. It is 1990. Oh, this is February 1994. Sorry, February 1994 – most up-to-date. I deal with up to date information. I am an analyst.

Sir, the point that I am making is that the firms which needed the money for expansion could not get it, but on the other hand Government soaked up all the money in the banking sector. That is a statement of fact that because of Government's debt policy it was robbing the private sector of much needed funds.

Mr. PRESIDENT: Senator Barker, you are being repetitious. You said that about 4 times. You know what we have in the Standing Orders. I do not think that you can speak for other Members of the Senate. All right. Proceed.

SENATOR T. E. BARKER: That has been the effect of Government's debt policy and there is a reason for that. Sir, given the fact that the demand is at a low level in Barbados and it has been for the past 3 years and given the down-turn in activity in the whole economy and given the fact that Government had an appetite for funds, the commercial banks in Bridgetown made the obvious decision that there was little or no risk in putting their money in Government paper. That is what happened, Sir. They realized that there was little or no risk in putting their funds in Government paper because it was safe and it is backed by the Treasury. In any case, anytime they wanted to redeem their funds, they could go to the Central Bank and get their funds. Whereas when they lend money to

a local firm, there is always a chance that the firm given the level of economic activities can go wrong and the banks end up as has happened in the past losing their money. So it was a common sense decision. Any banker worth his salt will make that decision, because after all the banker has to protect the client's interest. Sir, that is the result of this Government's debt policies. I know the Minister is going to refute this when he gets back up, but I have no problem with that.

Sir, in the loan part of the objectives is to approve the establishment of a Sinking Fund for the redemption of each issue of securities and the money necessary to maintain and service that Fund. Sir, you remember I got in trouble in this Chamber a little while ago when I talked about Sinking Funds. But the point remains, Sir, that under the External Loan Act whenever Government borrows in the form of bonds they are mandated by law to maintain a Sinking Fund for that purpose. I noticed that in looking at the same publication on page 64 that there has been no money in the Sinking Fund for foreign debt since the third quarter of 1990. That is a matter of record that contrary to the provisions of this External Loans Act under that provision there has to be a Sinking Fund for external debt. I noticed, Sir, that no Sinking Fund was in place since the third quarter of 1990. Since then Government has borrowed money in the form of bonds. I think the Barclays Loan of late 1990 was under this particular Act and as such Government had an obligation to maintain a Sinking Fund. I am not sure as to the correct status of the Sinking Fund. I am a little bit unsure and probably the Minister can enlighten me, Sir, and the Chamber as to why it is necessary that part of the Resolution states that this Chamber must approve the establishment of a Sinking Fund. I thought it would be just the case of putting money in the Sinking Fund commensurate with the amount that you borrow. Sir, through you, I am asking the Minister to enlighten me when he comes to speak as undoubtedly he will.

Sir, we note that the size of the initial tranche is up to US \$25 million or Bds. \$50 million.
12.05 p.m.

I also note that the initial tranche is going to mature in three years' time. I am reading from the document. It says: "For the initial tranche a maturity of three years is anticipated based on current market conditions."

Sir, the Minister earlier talked about the bullet loans that had us in trouble in the late 1980's, but is not this another bullet loan? You are saying that in three years' time your initial tranche of US \$25 million or Bds. \$50 million is to mature, and by mature I take it to mean that it is due for repayment in three years' time. But would not this be sort of adding to our problem? Because the Minister mentioned that the bullet loans of the 1980's,

especially those in 1986 and 1987, had us in trouble. Probably he can enlighten us again. He has a lot of things to enlighten us on, because his original presentation was woefully lacking when it came to relevant details.

As I said before, I have no problem supporting Government in any venture to raise funds on the external market, but I just want them to make sure that the investors that actually put money in this fund have impeccable *bona fides*, because this Government does not have a good record on that score. Anyway, Sir, with those few words I want to give my critical and cautious support to this Resolution.

Thank you.

SENATOR Dr. F. W. ALLEYNE: Mr. President, in rising to support this Resolution, there are a couple observations which I think are important to make. These observations arise out of the contributions of the previous two speakers.

I believe the late Sir Arthur Lewis was one of the greatest minds in the discipline of economics in the 20th century. I believe, if it is possible for him to roll in his grave, that he has been very uneasy in his grave over the last three years to hear the things which are said in Barbados and which pass for economic analysis. Mr. President, sentiment, propaganda, lies are no substitute for a serious analysis of evidence and Barbados as a society has been found wanting over the last three years in this particular regard. It pains me to listen to debates in both Houses which are devoid of any contextual framework.

I heard Senator Barker this morning speak about debt management. This debate is not about debt management, so I am not going to go into it. I continue to be baffled. I cannot for the life of me understand how anyone could charge this administration with failing to pursue an appropriate policy with respect to foreign debt management during the period 1990 to 1993 specifically that the Government allowed the foreign component of the national debt to decline. All of us know, Mr. President, that there are two sides to a credit transaction. Somebody must be willing to lend and somebody must be willing to borrow and be able to satisfy the criteria set down to financing that debt. But what is more, all of us know that from the beginning of the nineties the external sector of this economy contracted. That is a matter of record, it is not a matter of opinion, and that by 1991 this country had to go to the International Monetary Fund to get access to short-term resources. All of us know that when you go to the International Monetary Fund you have to work out some agreement with respect to a short-term programme of stabilisation, and that short-term programme has implications for the longer term programme which

you eventually enter into with the IDB/World Bank, a structural adjustment programme.

Mr. President, I derive no satisfaction from observing that Members of both Houses should know that those international financial institutions are the guardians of the people who own the resources in the international financial markets. Those are the people who guard them, and if between the IMF and the World Bank, particularly the IMF, they do not certify you as a fit person to borrow, history is clear, you will never be able to access a loan on the international markets. No country has ever been able to do it. Jamaica tried it in the 1970's and we know the results have been catastrophic. The Manley administration broke off negotiations with the International Monetary Fund in the early 1970's, with the belief that they could go to what you call the non-capitalist countries and raise accommodation. The Soviet Union did not look at them. They said they were not doing enough by way of giving the economy a socialist orientation. They got not succour at all, and when they went back to the International Monetary Fund it was pure pain. We know the results down to this day. They are still in the grips of the IMF and the World Bank, and it is a country that is suffering from adjustment fatigue.

This talk about debt management which we heard today, Mr. President, is grossly ill-informed, for a number of reasons. It presumes that the Government had a choice, that you could go to the international markets and raise loans, when it is manifestly clear that that option did not exist. It is ill-informed because any careful analysis of the pattern of the build up of the foreign component of external debt in the Barbadian economy will show that the real build up of the external debt in the Barbadian economy started in the second half of the 1970's. By the end of 1976 the external component of the national debt to the Barbadian economy was approximately Bds. \$49.5 million. Ten years later it was in the region of \$450 million. I am aware it is wrong to repeat submissions you have made in this Senate, but I believe I said before that this country failed to grasp the opportunity which presented itself in the 70's. If we had listened to Sir Arthur Lewis in the 1970's, and not only Barbados, but the Caribbean countries, we would not be in the difficulties we are into today, and in this regard I urge all Honourable Senators to get hold of a statement made by Sir Arthur Lewis to the Second Annual Meeting of the Board of the Governors of the Caribbean Development Bank in St. Lucia, meeting on April 21, 1972.
12.15 p.m.

It is in my view the most seminal statement pertaining to the difficulties which the Caribbean economies faced then and continue to face today. It is written in non-technical language and I urge all Senators to study it.

Lewis, writing in 1972, foresaw the difficulties which would afflict the Barbadian economy today and that is the mark of a great man. The very problems which we are grappling with today and the very policies which Arthur Lewis advocated are the very things which the Government of Barbados has tried to do by way of improving the macro-economic framework since 1991. Lewis was very clear on the fundamental problems affecting the Caribbean countries and he identified unemployment. He went on to state the reasons why over time unemployment amongst the youth would be the most serious social ill these countries in the Caribbean would face.

All of us who have respect for evidence will have to admit that those who say that the Barbadian Government can take no satisfaction for any enhancement in its external image with respect to its credit rating and so on, that those people either are not in touch with the evidence or they do not wish to admit the truth. The Barbados Government since 1991 has instituted the most thoroughgoing reform of the macro-economic policy framework ever instituted by any Government in the history of this country. The only aspect of that macro-economic framework advocated by Professor Sir Arthur Lewis which this Government has not addressed has to do with exchange rates and Lewis is crystal clear on exchange rates policies for Caribbean countries.

With your permission, Mr. President, I will read an extract, I think one line from what Lewis has to say on this matter of exchange rates. In fact I will summarise it.

The Lewis analysis starts by recognising that the basic problem we have in these countries is excessive production costs. It is fundamental to his analysis. He went on to point out that whenever a country has built up that high production cost its currency is overvalued and one way of dealing with that problem is to devalue the currency. He went on to make a very important observation that if a country lacks the social discipline to make devaluation work the country should not attempt it because in the final analysis it might be worst off than in the first.

Mr. President, this Government has reformed the macro-economic framework with respect to incomes policy, with respect to trade policy, with respect to direct taxation policy, with respect to productivity policy and the Government has put on the agenda the reform of indirect taxation. Mr. President, I think it is important that these things be said in this Chamber so that successive generations will realise that this Chamber has lived up to the origins of what we know as a Senate.

I am sure Mr. President, that as Honourable Senators study the document to which I have alluded they will realise that what is happening in Barbados today

is something that should have happened at least 15 years ago. Also they will recognise that putting political partisanship aside this Administration in time will be recognised as perhaps one of the most courageous administrations with respect to policy reform. I want to be very clear on that.

Senator Barker spoke about the destruction of agriculture and I am not going to spend any time on that. Suffice it to say that to the best of my knowledge neither administration in Barbados starting back from internal self-government in the 1950s has implemented policies which have resulted in the destruction of the agricultural sector. That is true of the Barbados Labour Party Administration and it is also true of this Administration. Neither one of them can take the responsibility for that. The resources in agriculture are primarily owned by the private sector. Government's input is at the level of policy. The fact of the matter is that in agriculture there are several factors which are outside of the control of the manager. All of us know why it is that sugar agriculture has declined in the way it has declined in the last 13 years in Barbados. We need not go into that.

With respect to manufacturing again I say no Government in Barbados can be truthfully charged with destroying manufacturing. We got into the wrong type of manufacturing activity in Barbados, an activity which was not internationally competitive, the type of activity which held Barbadians as captives in the country and which called upon housewives to pay excessive prices for locally produced goods. Mr. President, if Barbados or any other developing country is going to have a future in manufacturing it has to target those activities in which it is internationally competitive. We cannot cut ourselves off from the global trends of trade liberalisation. If we could do it 30 years ago we cannot do it today. Those of us in Barbados who believe that we can go back and put stamp duties and consumption taxes to protect local manufacturers are sadly mistaken. I would invite them to go and check the most recent GATT agreement and that alone will tell them that they are living in a fool's paradise.

I go further, Mr. President, and I say that there is a notion that some elements of the policy reform in this economy should be reversed. I sincerely hope that the elements who are espousing these views are not committed to those views because if they are serious about it they will work hardship on the poor in this society.

At the appropriate time, Mr. President, I shall introduce in this Chamber incontrovertible proof to show that the direct tax reform benefited the lower income groups with respect to the effective tax rate. That is when you include levies and so on. Those are payroll taxes and an important aspect of the direct tax reform eventually was

to phase out those levies. It was the higher income classes who could benefit from unlimited mortgage interests and house repairs.

12.25 p.m.

I promise at the appropriate time I am going to place before this Chamber evidence to put a lot of these ill-founded and dangerous notions to rest, and hopefully, for the benefit of those who are espousing them.

Mr. President, I have heard from time to time talk by offshore experts, some of them described as former this and former that. I have not held many jobs in my lifetime but you have never heard anybody referred to me as former. I do not want it. I do not live in the past. I look to the future. I do not want anybody when I leave this Senate to refer to me as a former Senator. When I leave the University I do not want anybody to refer to me as a former University Lecturer, plain and simple Frank Alleyne.

Some of these offshore people would want to stay offshore and tell us that they understand what is happening in Barbados better than those of us who live here and follow these developments. It is an insult for these offshore Barbadian people to deny the sacrifices which Barbadian people have made in the last three years, to deny the effectiveness of the policy reforms of the last three years and tell us that we have done nothing. They would have us believe that we are waiting for external factors to work in our favour.

All of us know it is totally untrue. If something is giving away and you do not prepare yourself to participate in that give-away it is going to by-pass you. Even if the international economy is resurging again and you do not have your domestic policy framework in order, you cannot benefit from it. It is a truism.

My sole plea today, Mr. President, is that Barbadians get serious about important issues. I am not into this personal politicking. I am not interested in that. I am interested in helping people to understand the major policy issue which confronts this generation and which will certainly confront the coming generation. In that respect that is where I depart from Senator Barker because he is an aspiring politician in a way in which I am not. I am a retiring politician and I emphasise "retiring", Mr. President.

This loan, I have heard many things said about it. I have heard some saying that you have to be careful with a Mafia finance loan. Mr. President, in my simple way, if I go down to a banker and the banker lends me some money, how am I going to know if it is clean or unclear? Are you going to have "unclean" marked on one set of money and "clean" marked on the other? It is a joke of the

highest order. When you go to the international markets they set up criteria and you either meet them or you do not meet them.

I find in Barbados some of us are expert at looking for excuses to put a negative face on any development. Our problem is that we are too negative and we are trapped in that negative bind. The fact of the matter is that I know of no other country in this Caribbean or the developing world which has committed itself to the thorough-going structural reform which Barbados has committed itself to, and in so short a time it has been able to go back to the international capital markets.

Mr. President, I am not interested in what the "Institutional Investor" has to say about Barbados. I am reminded today of the words of the former great leader of this Democratic Labour Party, Errol Barrow – God rest him in his grave – when he said "what mirror image do you have of yourself?" I am not interested in what the "Institutional Investor" thinks about me as a Barbadian. We have to make Barbados work. It is the private and the public sector people who have to make it work.

I never waited on anybody to come and tell me about the role of the private sector. Again and again in this Senate, if you would check the record, I have advocated the divestment of Government activities in certain areas and challenged the private sector to do it. This is not something which I have been talking about in 1994 and I have been talking about it not because of any particular ideological position. I talk about it as one who has addressed and continues to address his mind to the issues of the day as far as the economic policies are concerned.

Mr. President, the difficulty I find with my friend, Senator Barker, is that he wishes to approbate and reprobate and there is a difficulty with that. When you do that you blow hot and cold.

I am pleased to support this Resolution. I believe it is one of the better signals of the success of the policy reforms which Government has undertaken in the economy and it is a tribute to the diligence, patience and the long-suffering of Barbadian people.

Mr. President, I am indebted to you, Sir.

SENATOR T. C. BECKLES: Mr. President, I rise to support this Resolution and just to make a few comments.

First of all I have not heard anyone as yet argued against the fact that the Barbados economy needs restructuring so I suppose it is a foregone conclusion that it needed restructuring. I have not heard anyone, except the frivolous argue that the Government in power is not a

brave, courageous Government to have taken the steps that it took just over 18 months ago to stabilise the economy. Of course, whether they are prepared to try to dispute it or not, tangible evidence is there that the Barbados economy has turned around. It is on the rebound. The evidence of 1% growth last year after a period of recession is an indication. As a result, I think we should be proud to have been on this side those persons who supported those policies and the courageous effort that was taken, and all Barbados should be proud of itself to have been able to turn around a small economy like ours, and in the turbulent periods of the 1991/92 when the whole world, except for a very small number of countries, was in recession.

Mr. President, one of the things we are confronted with, and I have no doubt that this loan is going to help us in this regard, is that in spite of the fact that there is some growth in the world, it is finding it difficult to create employment. I think all of us who are grassroots persons must be concerned if there are not jobs for the people.

Again, a word of caution. I think we must recognise that the kind of growth we are having out of the recession, we are in a sort of transition period. Whereas we see that the so-called money economy is growing, and growing fairly rapidly, however the people economy or the economy which generates jobs is not growing as fast even though we observe in the United States of America over the last month there was a significant increase in employment, certainly beyond the bounds of what the professional economists there thought was possible. This may be an indication that sooner or later we are going to get this sort of growth repeated in Barbados.

There are many reasons for that. I am sure most of the persons who are here concerned in business recognise that as an economy contracts and you lay off people, you tend to become more productive in the sense that your productivity increases. Those people who are left tend to do a little more than they were doing before. Then as your economy picks up again you are a little hesitant, especially at the transition stage, to bring on more people. You want to wait to see if the growth is sustained. I believe in due course when business people are satisfied that this particular growth will be sustained that we are going to see more employment.

12.35 p.m.

That is my concern, Mr. President, that the growth we are witnessing is not growth that is generating the level of employment that would satisfy me. I think therefore that much of the debate with regard to this particular loan – and I am in agreement with what Senator Alleyne indicated this morning – should be on how the loan is used. I think that the Barbados economy is well poised. I think it is now better structured. I think that we are trying to develop

the kind of culture that is necessary to take an economy forward. If you compare the Barbados economy of now, to the economy of 5 or 6 years ago what we observe certainly is an economy that when you weigh it, the business people got involved but they were not concerned with producing things. They were just waiting for the Budget to see the next step. If in the Budget the Government paid the civil servants a little more or make provision for a higher public service payment then the economy adjusted accordingly. In other words, the economy was driven by the Budget and everybody was waiting around for this or that handout from the Budget. What we have witnessed in recent times makes it seem as though we are at the end of that era. It is a very neutral Budget. People are looking to do with what they have and what we are witnessing is an economy, in my view, that is coming on stronger and stronger.

Mr. President, the one point I would like to make in this Senate is that for far too long – I think I heard my colleague indicating that the Caribbean economists generally and Caribbean politicians did not listen to Sir Arthur Lewis. One wished that they did. But one of the things Sir Arthur Lewis always indicated in his economics – and that is probably why he was not embraced by some of the modern persons in the Caribbean – and it is that if you spend more at any time than you earn some time in the future you have to spend less than you earn. It is as simple as that.

Whether you create something that when you spend it later it did not hurt you as much as when you spent it in the initial stages or whether you did not create that and then you had to spend this additional money out of an income that was not growing. It was up to you. But that was Sir Arthur Lewis' thesis that developing countries have got to learn to develop an economy in which they spend less than they earn. And to use the residual for investment. There are very few economies in the Caribbean in the seventies and in the eighties that did this. That is why generally, in the Caribbean, Sir Arthur Lewis' views were not as dominant as they probably were in West Africa and other places where he advised some of the Governments.

I think that if we look carefully at our system we will see that this is still what we are having to grapple with now. For many years we were accustomed to spending more than we were earning and more than we were creating the productive capacity to earn. It is one thing to have the money aspect of an economy to grow, the paper aspect of an economy to grow, the non-tradeable sector of an economy to grow, you can do that and people will be happier doing that. Politicians are happy in that sort of atmosphere, that sort of paradigm where you just assume that money is unlimited.

When you come back to look at your resources and people and try to get those utilized and expanded along

with your economy, that is where you have problems. I am challenging us in this Senate that this is really where the source of our problems is. Our young people today when they come out of school are as productive as young people who came out of school 40, 30 years ago. If they are not producing as much and consuming more who dare say that we are better off than the people were 30 years ago. If your resources were creating more jobs than the resources are now. Then, of course, you could say what you like. But the realities are eventually you must pay the price.

We have got to look inwards, look at ourselves, start looking at the human element, the firm, the businesses and re-engineer those things, try to get those things to be more productive. I am not a believer, until I am convinced otherwise, that the right way to model our economy or the right approach is to start from the top, and once you have your macro-framework then everything will fit in. In my view that is an idealistic approach to economic modelling. I think we have got to get back to the realities. What are we turning out in terms of our children from schools, our young people from the universities, from the polytechnic? What are they useful for? If they are not useful for producing anything then my thesis is you can have any macro-economic level that you want. You can put any value on them. It is the value that the world has on them that matters, and that value is what they can actually produce.

I am sure that this is the approach adopted by this particular Administration. There is nothing showing this more than the whole concept of the productivity board. If the productivity board carries out its function, it will demonstrate to people not only measurements of productivity but how to achieve this productivity, how to make our people more productive. I hope that the educational aspect of the productivity board therefore is the one that is paramount rather than one setting up complicated and complex measurements and macro-economic framework.

But just to get into the schools, into the universities, into the colleges and make sure that the teachers when they send persons out into the world of work that those are people who understand what productivity is and who understand what business is all about. Because we are not talking about people just having the capability to apply and get jobs but people who understand what business is really all about. I think if you get people who understand business then the next stage follows. They understand that a business will not succeed unless the people who run that business, who operate that business, all of the people are value added persons, people who add value to that business.

Mr. President, in supporting this particular Bill I am happy that we in Barbados have now reached the stage where the international financiers recognize that our economy is sufficiently sound that they can deal with us. I hope however and it is my fervent prayer that we do not get back into the habit of just spending money and underwriting it by loans. I hope that when we borrow money that it is to enhance our productive capacity so that out of that enhanced productive capacity, we are able to pay back those loans without having to negatively affect the standard of living of our people. There is no point in going out and letting people do what they want to do, spend as much as they want to spend and then go into an international market and borrow pretending that your economy is thriving because sooner or later the reality will catch up with you.

One final point, Mr. President and this is a point I want to emphasize. The answer to many of the problems that we have to face up to in Barbados over, the next year or so have to do with restructuring and the this turning around of our economy for our young people. It has to do with what we are going to do for our young people who have had periods of education which, send them into the workplace – and I speak with some experience – with very high expectation but low import of what business is all about. We will not solve our economic problems while we are still sending such people into the work force.

I am closing with one plea. That plea is that whatever we do over the next year or so, now that the economy is on the upsurge the one thing that we must not do is to allow our children to leave school and come into the workplace not knowing what a business is. They must understand what business is all about. You cannot work effectively if you do not understand what business is all about. They must understand that business will not succeed, no matter what kind of Government structure you have, if that business had not got 2 components (1) that it makes some money and it generates some cash.

12.45 p.m.

Whether they are running it for themselves or they are prepared to function as employees I believe that if and when we get such persons coming out of our school it is going to make our recovery a lot speedier.

I believe there is a great future in Barbados for young people. I feel very disappointed when I hear young people in Barbados say they are bored. I do not understand how they cannot see what the future holds. I can see a Barbados within the next 10 to 15 years which really is going to be a lot better, in my view, than it was in the eighties because we have done the right thing at the appropriate time and we are now set to earn and to benefit from those decisions that we have taken.

My plea to young people is to try to understand business. My plea to those people who teach them is to try to teach them business and certainly do not despair because the Barbados that we are living in now is more demanding than in the past. The Barbados of the immediate future, is going to be a Barbados that is fairly bountiful. I thank you.

Mr. PRESIDENT: Senator Fraser.

SENATOR Mrs. V. C. FRASER: Mr. President, I rise to support this Bill. I am always seeing a number of business news and so on on the outside, for example, CNN. One of the things that always strikes me very forcibly is that we seem always to be criticising ourselves and castigating ourselves about what we are doing in this small island state of Barbados.

Mr. President, I think we have made some great strides. I think we have made some mistakes too like everybody else. But I would like very much to deal shortly with the point that Senator Beckles made and it is the fact that I think now that the economy is on the upswing we need to look seriously at what we have available. I have been saying this for many years and I am seeing it becoming a reality.

It is becoming a reality in terms that people are beginning to utilise their local resources. I also agreed about the whole question of trying to train the young people and I think, the Government has a programme that is very much involving the young people of this country, for example, in the schools.

I hope we can see the business studies programme improve. I would never like to see children leave school and they do not have something to fall back on as a skill. We must develop the skills of our young people while they are still at school. We cannot wait until after they leave school because this is a factor that will help to build the economy.

Already there are young children in schools who are making all sorts of things. I think we can copy some things from some countries that are good. On a visit to Ethiopia I saw where all the wooden toys and all the wooden bits and pieces for information, the chairs, everything for schools were being done by a group of children who spent 2 hours or 3 hours a day in assisting in doing that. They were using the sheep skins and these things were sold. Now when these children leave school they already have a profession or a skill and they are already earning money so they do not have to go and ask anybody for a job.

This is the way I want to see Barbados go. I know we have started on it but we have to keep at it. The media has to be effective in talking about the whole question of

how you produce and what your country demands of your production. We cannot talk about producing and be sitting down so many hours a day in an office. That is not productivity. Too many people believe they should sit down and something will produce – probably a robot. We have to get out there and observe what is happening. We have to get out there and try to get some of these things in an airport shop.

While I am on that, only yesterday I visited the airport and the shops are beginning to really carry a lot of local drinks, local fruits. People would be surprised to see how well dry gooseberries are being sold at the airport and everybody wants to buy the little 3 ounce packages but we have to do something more about the packaging.

Mr. PRESIDENT: Senator Fraser, let it be more pertinent to the Bill which we are debating.

SENATOR Mrs. V. C. FRASER: Mr. President, I am talking about building the economy and I am talking about what we have to do to help to build it through the youths of this country. There are only certain ways we can do that, Mr. President, and that is by getting out there and encouraging them, teaching them, and starting it in the schools so that when they get out in the community they already have a job or a skill. That is what Barbados has to do.

A few years ago we suffered from lapsed literacy where people had stopped trying to help others to develop certain things. That is why we have fallen into this rut. Our attitudes were telling the young people, "Do not go in the garden". "Do not grow food". "Do not learn to do anything that is helpful to yourself". "Come home and watch television in the evenings". That is why some countries will go ahead.

Take a small country like the independent republic of San Marino. Children come home in the evening and they go in the shops and the parents go home. Are we encouraging this type of activity? Or, when the old people die, the shops are closed down? We have lived to see in Barbados, many groceries that fed the same children and sent them to school close down because they were not putting the children alongside them and teaching the skills of running a business so they opted to look around for a job and then went off to get an academic degree. Mr. President, this is how I am linking it. We have to publicise what the young people are doing to give them encouragement.

In the area of building, Mr. President, there are many things that we are importing in this country that we can

teach people to do and people are beginning to do. I can show you right here now. I always have something to put on show. These earrings are made from small coconuts, Mr. President. If we keep on encouraging the young people to use the seeds and the leaves and so on, there would be less unemployment because these people would be in businesses before they leave school.

The Springer Memorial and other schools are beginning to make their own money. The St. Michael School, they have not waited to reach fifth or sixth form, they have started in the second and third forms and you should see the art work that some of those children can do. I remember the BMC having a young girl who had just left school to paint a logo and also to do a painting for one of the BIMEX shows. Because of her painting that for us, today she has so many jobs that she can employ two other people. I am saying it would have the multiplier effect, therefore we have to look for things now that are indigenous, things that people want.

12.55 p.m.

When you look around in some of the shops you are beginning to see them. I am not saying this because of hearsay. I am saying this from going around myself and spending hours in looking to see what is there that the young people of this country have made that is in the business sector and tourist sector to enable them to move forward to bring them money for their families. So that if we have one thousand young people doing this and encouraging the others and we are telling them on the media and also the parents, churches and everybody what productivity is all about and what building up an economy is all about and what earning one's own money is all about, and not going into town and everything that you see you want to take on hire purchase and you cannot afford it. I heard recently a lady saying that she cannot afford the prices of things these days in the supermarket. What could she not afford? Apple crumble and jello. Now nobody sits down and eats apple crumble and jello everyday. So it was a sure thing that this woman had no training in how to budget for herself and what food her family needed because they did not need that. They needed the basic foods to give you good health and they are everywhere in abundance such as the vegetables and the fruits which are coming from the land. The whole question of budgeting is one of the things that we have to get over to our people.

I want to say in closing, Mr. President, that Barbados is poised to take off now if we look seriously at what the young people are doing. This Conference on Sustainable Development is going to bring a lot of good things out of it. I sincerely hope that people will make use of what they learn and try to also gain information from people who are coming to help us to build up our own economy.

Thank you, Mr. President.

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: Thank you, Mr. President. Just a few comments in winding up the debate on this Resolution and to put the record straight on behalf of Senator Barker. Senator Barker suggested that the Government, rather than repaying its debt, should borrow more or...

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Sir, on a point of order. I said that the debt should remain at the same level which is not really borrowing more. Borrowing more means that you would increase the debt.

Mr. PRESIDENT: All right. Thank you.

SENATOR THE HON. Dr. C. D. CLARKE: Thank you, Mr. President. We have encountered in Barbados a case of falling exports. There have been declining exports in agriculture and manufacturing. Senator Barker said that this Government destroyed these two main sectors. I would like Senator Barker to understand and for the benefit of this Chamber that the private sector is responsible for what happens in agriculture. One of the major problems in agriculture is that the land is owned by the private sector in Barbados and not by Government. It is the private sector who has been engaged in agriculture all through the years. I want Senator Barker to understand that, if the private sector fails to restructure its operations in the face of increasing competition and finds that it is being priced out of the market, that is the private sector's fault. This Government has been at pains to give all sorts of concessions to the agricultural sector. He should not be placing the fall or decline in agricultural output at the feet of this Government, because it does not have the land and it is not engaged in agriculture. The ADC represents less than 2 per cent of all the agricultural land in Barbados.

On the question of manufacturing, for those of us who were not asleep in Barbados would have understood that the export earnings from manufacture came from most of those companies which enjoyed fiscal incentives in Barbados. These were companies in the electronics industry and they were companies which were engaged in foot-loose industries. That is such companies were not tied to either market or source of raw material but rather to cheap sources of labour. As labour costs increased in Barbados and such companies as Intel and Carcom and the like when they utilized their tax holidays it was quite easy to pick up and move to other lower cost labour countries. This has been responsible for the decline in earnings from the manufacturing sector. With the closure of those enclave

companies that enjoyed fiscal incentives came the decline in exports.

Now following this through that if exports are falling and given a level of foreign debt, since the numerator is remaining constant and the denominator is falling, then the debt capacity will become greater. Since you are not increasing exports and you try to retain a given level, as you have just indicated in your intervention, you reach a point where nobody would lend to you because you would have exceeded your debt capacity. You could not sustain it. In order to service foreign debt with falling exports, you will have to reduce your foreign exchange borrowings. Any borrowings on the foreign market will have to be reduced.

Sir, I have pointed out in this Chamber on several occasions the benefits of local borrowing over foreign borrowing to the extent that we can support all of our capital needs out of our own borrowing and it is the better for this country. It is only to the extent that we do not have the foreign exchange to support the foreign exchange component of our capital works programmes that we go into on the foreign exchange market. At the end of the day if all of our capital works programmes are financed through local borrowings, then we owe it to ourselves and we can always repay our debts with Barbadian dollars. We do not have to worry about what foreign exchange there is. But to the extent that we have foreign exchange obligations to service, we must make sure that we have foreign exchange reserves available to service those or if we do not have them available find those people who will be willing to lend us the foreign reserves necessary to service those obligations.

There is one area in which I was particularly saddened by the intervention of Senator Barker when he indicated that Government is borrowing because it is relying more on local borrowing rather than foreign borrowing, and by so doing we have been crowding out the private sector from the market. That is intellectual sleight-of-hand.

1.05 p.m.

SENATOR T. E. BARKER: On a point of order. Sir, I think I take objection to the term "intellectual sleight-of-hand." That is accusing me of dishonesty, of taking the figures and manipulating them and being totally dishonest. I take offence to that, Sir.

Mr. PRESIDENT: Thank you.

SENATOR THE HON. Dr. C. D. CLARKE: I shall demonstrate my point now, Mr. President. If we turn to the Reserve Requirements and Stipulated Government Securities of Commercial Banks, Table B21, page 33, the capacity of the commercial banking sector to

entertain demands for loans will be determined by the amount of excess reserves in the banking system. To the extent that there is excess reserves in the banking system, it means that there is capacity to make loans to the sector and nobody is being crowded out. This is elementary. If we accept this to be true and we turn to the excess reserves that existed, we will find that in 1993 there have been excess reserves. On the other column, the excess holdings, stipulated Government securities, what this means is that the commercial banks, confronted with excess reserves for which they were earning nothing, found it more prudent to acquire Government securities because there was no commercial loan demand. The simple reason for that is that the return you will get from loans made to the private sector are greater than commercial bank loans or the holding of Government paper.

SENATOR T. E. BARKER: Sir, on a point of order. If the Honourable Senator had listened to me, I said that the risk is greater in lending to the private sector.

Mr. PRESIDENT: Has Senator Clarke misrepresented what you said?

SENATOR T. E. BARKER: In my opinion, he has, Sir.

Mr. PRESIDENT: I did not get that impression. That would be the only way it could be a point of order. I do not consider that to be a genuine point of order. Only if he misrepresents you.

SENATOR T. E. BARKER: He has, in my opinion.

Mr. PRESIDENT: Senator Clarke, you may proceed.

SENATOR THE HON. Dr. C. D. CLARKE: On the question of excess holdings, the commercial banks in Barbados are required to hold reserves in two forms, either in terms of cash with the Central Bank or Government Paper. To the extent that the commercial banks are holding Government securities in excess of the required amount means, since Government securities pay less than the private sector would pay for loans, then one can conclude that there is no demand in the private sector for the excess reserves which the banks otherwise will be holding. Furthermore, to the extent, for those who have the capacity to understand, Mr. President, that this country was going through a recession, to the extent that there was excess capacity in the economy of this country, there cannot be any demand from the private sector if there is already excess capacity. To do what? This is so elementary. Why should you borrow if you already have excess capacity? You have excess inventory, excess plant and equipment, you are retrenching workers, why do you need to go to the bank?

Senator Beckles raised the question of the level of employment. We have found that in the Barbados economy over the third quarter of 1993 there were 94.1 thousand people employed. I am quoting from page 33 of the Economic Report of Barbados. At the end of the fourth quarter there were 99.5 thousand people. Employment has increased based on those figures over the last quarter by 5.4 thousand. This figure at the fourth quarter of 1993 compares with the 96 100 people who were employed at the end of the last quarter of 1992. I am also happy to report, Sir, that the estimated rate of unemployment has fallen in the last quarter from 25.3% to 22.1%.

I beg to move that this Resolution do now pass.

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

SUSPENSION OF SITTING

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move that this sitting be now suspended until 2.15 p.m.

The question was put and resolved in the affirmative without division, and Mr. PRESIDENT suspended the sitting accordingly.
1.15 p.m.

RESUMPTION

Mr. PRESIDENT: This sitting is now resumed.

ORDER NO. 2 – SECOND READING OF THE SHIPPING BILL, 1994

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, this Bill is but another demonstration of this Government's commitment to further develop the services and financial services sector of the economy. During the last 5-year period, 1988-93, a project for the improvement of Barbados' competitiveness in the area of ships' registration was initiated. These are the comments contained in the Barbados Development Plan 1993 to the year 2000 at page 179:

"... The project involved the updating of relevant legislation, reviewing of registry fees and preparatory work relating to Barbados' accession to a number of International Maritime Organization (IMO) instruments.

Objectives

During the Plan period the following objectives will be pursued:

- To expand the Barbados Shipping Registry.
- To broaden the revenue base of the Port Authority.
- To make the Bridgetown Port the leading transshipment port in the Caribbean.
- To fully utilise the existing pool of seafarer skills in Barbados."

In order to achieve these objectives in the planned period 1993-2000, this Government has decided that the facilities, including the operational systems and the equipment of the Bridgetown Port, will be improved and I am happy to report that this has already been done, Mr. President.

There will be improvement in the duty free facilities and amenities at the Bridgetown Port through expansion and upgrading to facilitate the steady growth in the cruise ship passengers. This too has been done. An aggressive marketing strategy for the Bridgetown Port will be developed and implemented. This is in progress and the programme designed to secure the employment of Barbadian seafarers on board ships, particularly those flying flags of convenience will be vigorously pursued. This too is in progress.

Another strategy being pursued is that Barbados' Shipping legislation will be fully updated while Government will seek to accede to all relevant international maritime law instruments. The schedule of fees for ship registration and related matters will also be revised to make them more internationally competitive. I am happy to report that this is before us today for consideration.

Just by the way of background, Sir. The Barbados Shipping Registry was first established by the 1982 Shipping Act and as at October 31, 1993 it was only able to attract 2 convention size ships, that is, ships above 500 gross registered tonnes. Total tonnage on the Barbados Register at that date was 60 881.07 tonnes. As a result of our inability to attract more tonnage this Government agreed to establish an International Ship's Registry at the office of the Barbados High Commission on the 1st of November 1993 and appoint a Registrar to run that office.

The registry in those few months has been able to register 7 convention size ships in addition to retaining the registry of those already registered. However, if this registry should be able to take its place against such countries as the Bahamas which has tonnage of 20.7 million tones of ships registered, then it becomes evident that this would only be achieved if we were to upgrade and amend the existing legislation.

The benefits which will accrue to Barbados will include registration fees, but a major portion of the revenue will arise from the issue of crew licenses, radio licenses, fees for registration of mortgage bills on sale. Also fees will accrue to the Barbados High Commissioner as it is he who is required and will be required to notarise documents relating to the Registry. Also, as I pointed out earlier, additional employment will be provided on board these ships.

Turning now to the Draft Bill before us, turning to the Interpretation in the amendment. There are several definitions which have been added, including those for "aircraft", "bareboat chartered", "Caribbean Trading Area", "cargo ship", "dollar", "local fishing vessel", "managing owner" and "near coastal trading area". The reasons for these new definitions were to make sure among other things that we provide more specifically for the registration of ships on bareboat charter in order to complement the new Fisheries Act and replace the archaic concept of home trade.

In addition, a few definitions have been changed, in particular the Director of Maritime Affairs. This was done in order to bring into reality the decision to have the Registry administered and marketed by a private sector company. This individual will no longer be required to be a public officer. The Director will continue to register all ships below 150 gross registered tonnes and on request fishing vessels registered under the Fisheries Act.

New Sections 6 and 7 have been added to the old Act. Section 6 permits the Minister to give policy direction with respect to the purposes of the Act to the Principal Registrar and the Director of Maritime Affairs who are required to carry out such directives. The new section 7 states:

"No ship shall trade in or from the waters of Barbados unless the ship

- (a) is a Barbadian ship; or
- (b) is provided with a certificate of foreign registry..."

In addition, such ship shall provide evidence of third party insurance.

As a result of these 2 changes, there will now be 2 principal functionaries under the Shipping Act, namely the Principal Registrar of Ships and the Director of Maritime Affairs. Where the latter is also designated the Principal Registrar of Ships and a public officer it was given that the Minister of Shipping gives direction without it being so stipulated in the Act. The Principal Registrar of Ships

will no longer be a public officer and hence the specific provision that the Minister may issue such directives is therefore now included in this new section. This is to correct an oversight that appeared in the original Act of 1982 not to require that ships be registered, that is, have a nationality and also have third party insurance while trading in Barbados' territorial waters. In the 1982 Act there was an oversight on the part of the 1982 Shipping Act not to require that ships be registered and it is correcting this omission.

In Part I of the Act, Sir, which covers sections 8-82 changes have been made to sections 8-15 as follows:

Section 8 is a simplified description for the qualification for registration of a Barbadian ship. This section has 11 subsections. The present provisions as regards these criteria are too complex and seem to indicate at least as far as some partitions are concerned that any ships to be registered on the Barbados Register must have at least 44 out of 64 shares owned by qualified persons. Such persons are defined as being either a Barbadian citizen or permanent resident or a Barbadian registered company.

Such an apparent restriction is contrary to the concept of international ships registers where customarily the nationality of the owner whether a company or otherwise is not relevant. Thus instead of prohibiting registration of ships which are 20 years old and over section 8 permits such registration provided that a valid certificate of class from a classification society is produced.

Section 9 deals with bareboat chartered registration and this new section is an exemption to the requirement that a foreign registration must be cancelled before a ship is registered as a Barbadian ship.
2.25 p.m.

Bareboat chartered registration, Mr. President, is not now specifically provided for in the Shipping Act. This regime is found in legislation governing most of the newer international Registries and is regarded as providing for dual registration, namely, that a ship on charter and registered other than in Barbados may be registered by the charterer with the consent of the mortgagees on the Barbados Register during the period of the bareboat chartered. This is known in the business as a "bareboat chartered". This provision clearly expands the market available to the Barbados Register.

The new section 10, Near Coastal and Caribbean Trade Area in place of Home Trade – The concept of home trade is no longer relevant with the acceptance by Barbados of the 1978 International Convention on Standards of Training, Certification and Watchkeeping. This section adds

to the criteria for registration as a Barbadian ship, namely near coastal and Caribbean trade ships which must have at least 44 out of 64 shares owned by CARICOM companies or persons.

Section 12 deals with the Director of Maritime Affairs who is now the liaison with the Principal Registrar of ships. Instead also of having the latter designation, that is the Principal Registrar of ships, the function of the Director of Maritime Affairs has been changed to accord with the new *modus operandi* for the International Ships Registry.

In section 13 the Principal Registrar must designate a central Registry in Barbados where all the details of Barbadian ships must be kept in duplicate.

To date, we have the International Ships Register located in the Barbados High Commissioner's Office in London until such time as this legislation is enacted in as much as the success of a ship's registry will be determined amongst other things by its location in a major shipping or financing capital of the world. However, duplicates of all major records will be maintained in a registry in Barbados which will be managed by a Deputy Principal Registrar of Ships. That is, we will set up the International Ships Register in London to compete with those other territories which are seeking this same type of business. In order to comply with the law we will have the duplicate sent to Barbados and the Registry will also be maintained in Barbados.

Section 14 deals with the list of registered books to be kept by the Principal Registrar as opposed to those which will be kept by the Director of Maritime Affairs. This has become necessary as a result of the separation of the function of Principal Registrar of Ships from that of the Director of Maritime Affairs. The Principal Registrar keeps all of the registered books except those of the fishing vessels under the Fisheries Act, 1994. The other book kept by the Director is a small vessel register in the sections following.

Sections 27 – 84 also have some new changes as follows: Sections 27(1)(e) in order to register a foreign registered ship on bareboat chartered the proper officer of that Registry must certify the temporary transfer of the vessel and inform any liens attached thereto.

In the case of bareboat chartered registration this is, in a sense, a dual registration, a concept which is not accepted as a ship can only have one nationality. Hence, in order for such registration to take place the legal system of the original register must permit such, hence the proper officer of that Registry must give the certificate as stipulated.

Section 31 – after the first registration any other transactions must be done only in the original Register relating to that vessel.

Section 38, a Barbadian vessel on bareboat chartered to a citizen or company of a foreign country may be registered in that country and upon this registration the original Barbados Registrar shall notify the proper officer in that country of the suspension of the Barbados registration of the ship. This provision is a reversal of that provided for in section 9. In section 9 above a Barbadian ship whilst on bareboat chartered may be registered on another Registry and this is known in the trade as bareboat chartered out as compared with bareboat chartered in.

Under section 40 a Barbadian Registrar of a foreign court as well as a councillor officer may now grant provisionally registration to a ship.

Under section 47(4) and (5) no mortgage instruments may be recorded with respect to a bareboat chartered ship registered under the law of a foreign country and having an existing registration as a Barbadian ship nor may such action be taken in the foreign Register.

Under section 55 this allows for a provisionally registered ship to be now the subject of a mortgage. This has been recognised as an oversight in the present Act. Within the concept of ship financing activity it is likely that the mortgage will be imposed on a ship even whilst registration is being finalised, hence provisionally registered ships may also become the subject of mortgages.

Under sections 56 and 57 a mortgage of a ship may also secure future advances in any unit or units of accounts and is not limited to Barbadian currency.

Sections 58 and 59 deal with the change of name of a Barbadian ship. It is no longer necessary in order to effect the change of name of a ship for it to be gazetted in order for it to become valid.

Section 68 deals with the exercise of beneficial interest. This is also subject to the provisions of the Act which prevents the Registrar from receiving notice of trust or entering such in the Registry.

Section 74(1) the "Minister responsible for Shipping" instead of the "Minister of Finance" now has the power to prescribe fees under the Act and any instruments asked for the purpose of the Act are exempt from stamp duty.

Section 82(1) states that prior to the registration of a ship its tonnage must be first ascertained by a surveyor who shall grant a Certificate of Survey specifying its

tonnage and other particulars. Under the present Act the tonnage is determined through the regulations. No actual objective test was carried out to determine what the actual tonnage was. Under section 82(4) in making tonnage regulations the Minister again shall have due regard to the International Convention on Tonnage Measurement of Ships as amended in 1969.
2.35 p.m.

Section 85, a distinction is made between the Director of Maritime Affairs and the Principal Registrar of Ships. A distinction is made in section 85 whereby the Director of Maritime Affairs and the Principal Registrar of Ships may both appoint qualified persons as surveyors to survey and measure ships. This distinction has become necessary because of the separation of the duties of Director of Maritime Affairs and Principal Registrar of Ships.

Part II of the Bill before us deals with the crew. In the present Act, sections 83 to 85 have been deleted. Under section 90, this section is now providing:

"An officer is not duly certified within the meaning of this section unless he is the holder for the time being of

- (a) a valid certificate issued under this Act; or
- (b) a licence issued under section 91."

Section 95 is a new provision, namely, the introduction of a penalty where a ship may leave or attempt to leave a port in Barbados while under detention in this port.

Section 96 provides that:

"The Principal Registrar may suspend or cancel a certificate or licence issued under this Act if the holder is convicted by any court in Barbados of an offence relating to or connected with shipping matters."

Sections 97 to 135 are basically unchanged except that they were previously numbered 94 to 133.

In section 103 "Employment of young persons" the functionary is the Registrar and not the Director of Maritime Affairs.

In section 136 the maximum daily compensation due to seafarers where their allowances are inadequate is increased from \$3.00, to \$9.00, to \$10.00, to \$20.00 depending on the extent of the deficiency.

Sections 137 to 151 were previously sections 134 to 149.

Section 150 in the current Act which deals with deserters from foreign ships has been omitted due to advice from the Solicitor General that this section is contrary to the ILO Convention on the avoidance of forced labour of which Barbados is a party.

Sections 152 to 192 were previously sections 151 to 190. The penalties payable on summary conviction of the offences named have been increased as they would have been established in 1982.

In section 162 (1)(2) the concept of a home trade ship is replaced by that of near coastal and Caribbean trade ship.

Part III, Mr. President, deals with passenger ships.

Sections 193 and 194 were previously sections 191 and 192.

Part IV deals with safety.

In section 196 of the definition of "short international journey" is added. Apart from this sections 196 to 210 were previously sections 194 to 208 and the main functionary is now the Registrar rather than the Director.

Sections 211 to 229 are only new renumbering for existing sections 209 to 228.

In sections 230 to 266 formerly sections 228 to 264 in the old Bill, the Registrar is the main operative in some places replacing the function of the Minister, for example, as regards suspension or cancellation of a certificate of registry because of load line offences. The Minister retains the power to make appropriate regulations.

Penalties which were set in the 1982 Act are now increased and wherever the concept of home trade existed it is replaced by a reference to near coastal and Caribbean trade ship or area.

Part V deals with wrecks and investigations. Sections 267 to 300 were previously sections 265 to 298. The penalties provided have been increased but there are no other substantial changes in the provision. A minor change is the person to whom certificates or licences must be delivered on their suspension or cancellation as a result of an enquiry. The holder of the licence or certificate must be delivered to the Wreck Commissioner who has been appointed by the Minister and who must, in turn, deliver such to the Registrar.

Part VI deals with the limitation of liability. This part which is composed of sections 301 to 311 formerly 299 to 311 has been substantially amended consequent on the

proposal that Barbados accede to the 1974 Athens Convention on the carriage of passengers and their luggage by sea and its 1976 Protocol and the 1976 Convention on the limitation of liability for maritime claims. These two Conventions are attached to the new Draft Act as First and Second Schedules respectively. As noted, these 2 Conventions will replace Barbados' current membership of the 1957 Convention on the Limitation of liability of owners of seagoing vessels. Provisions relating to extension or limitation of liability, limitation of liability of port authorities and owners of docks. Release of ship with security, division of liability, joint and several liability, right of contribution and extended meaning of owner have been retained with a few Amendments. For example, the limitation of liability of port authorities and dock owners have been increased in accordance with the 1976 limitation of liability for maritime claims convention.

Part VII "CONVENTIONS AND LEGAL PROCEEDINGS". The new Conventions and Protocols being proposed for acceptance by Barbados are as follows:

- (1) "The International Convention for the safety of Life at Sea, 1974, and the Protocol of 1978 relating thereto.
- (2) The International Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974, and the Protocol of 1976 relating thereto.
- (3) The International Convention and Limitation of Liability for Maritime Claims, 1976.
- (4) The International Convention on Standards of Training, Certification and Watchkeeping for seafarers, 1978.
- (5) The International Convention on Suppression of Unlawful Acts against the Safety of Maritime Navigation, 1988 and the Protocol of 1988.
- (6) The Merchant Shipping (Minimum Standards) Convention, 1976 (ILO Convention 147)."

This part is from sections 312 to 337 with which numbering remains unchanged.

Section 314 provides that:

The registrar or an inspector may with the approval of the Director of Maritime Affairs suspend the certificate of registry of the ship for violation of the requirement or regulation of an international Convention. Such action may take place under the present Act without such referral to the Director who is also a Registrar.

The penalties under this section are increased consequent upon the passage of time.

In section 330 it reads:

"The Principal Registrar may with the approval of the Minister" appoint suitable persons at appropriate locations to serve as detaining officers.

In section 336 "Protection of Officers" the immunity is extended to classification societies which are nominated by the Government of Barbados to perform surveys and inspections.

Part VIII "MARITIME LIENS" is an entirely new section and is source from the Bahamas Merchant Shipping Act, Cap. 249. The origin of these provisions would be the work of the UN Committee on Maritime Liens hypothecs and attempts to arrive at an internationally accepted Convention on this subject. The Barbados Supreme Court Act, Cap. 117A provides for admiralty, court jurisdiction in relation to the hearing of action on such matters.

Part XIX SUPPLEMENTAL, sections 343 to 349. These were privy to sections 338 to 343. Section 343 formerly section 338 has been expanded to provide that the Minister may make regulations with respect to registration of Government ships to which the Act is not applicable. 2.45 p.m.

Section 345 formerly section 340 relates to the suspension of the Certificate of Registry. However a new section 345(4) is added to provide that the ship with a suspended certificate of registry may proceed out to sea or enter or leave any Port and the Registrar may record any more of its instruments with respect to such a ship, provided that the ship is not recognised as a Barbadian ship and does not hoist Barbados national colours.

Section 349(1)(e) is new providing for the waiver of sovereignty over Barbados ships registered under section 27(1)(e) when the control of the ship is permitted by the owner to the Government of another country for requisition, hire or charter in the time of war or state of emergency of such a country.

In section 349(4)(d) it is provided that any certificate, form or code of instructions printed officially and published for use in compliance with the regulation shall have the same course of application.

Section 350 states that ships registered under the Shipping Act 1981 shall be deemed to have been registered under this Shipping Act,

Section 351 repeals the 1981 Shipping Act.

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

The question was put to the Senate and 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, SENATOR HIS HON. J. J. PAYNE in the Chair.

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 to 7 were called and passed.

Part I (clauses 8 – 85) was called and passed.

Part 11 (Clauses 86 – 192) was called and passed.

Part 111 (clauses 193 – 195) was called and passed.

Part IV (clauses 196 – 266) was called and passed.

Part V (clauses 267 – 300) was called and passed.

Part VI (clauses 301 – 311) was called and passed.

Part VII (clauses 312 – 337) was called and passed.

Part VIII (clauses 338 – 342) was called and passed.

Part IX (clauses 343 – 351) was called and passed.

The First Schedule was called.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. Chairman, I beg to move that the First Schedule be the Second Schedule to the Bill.

The question was put to the Senate and agreed to.

The Second Schedule was called.

SENATOR THE HON. Dr. C. D. CLARKE: I beg to move that the Second Schedule be the Second Schedule to the Bill.

The question was put to the Senate and agreed to.

The Third Schedule was called.

SENATOR THE HON. Dr. C. D. CLARKE: I beg to move that the Third Schedule be the Third Schedule to the Bill.

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. Dr. C. D. CLARKE, Mr. CHAIRMAN reported the passing of one Bill in Committee without amendments, and Mr. PRESIDENT resumed the Chair and reported accordingly.
2.55 p.m.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, I beg to move that this Bill be now read a third time and passed.

The question that the Bill be read a third time and passed was put to the Senate and agreed to.

ORDER NO. 3 – TO MOVE THE SECOND READING
OF THE SHIPPING (OIL POLLUTION)
BILL, 1994

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, the primary purpose of the Bill before us is to make provision concerning oil pollution of navigable waters by ships and to give effect to certain international conventions relating to the pollution of the sea. The Bill before us is divided into 8 Parts and it has 2 Schedules. In Part 1, this contains several definitions most of which originate from the International Convention and Protocols including:

- (1) The Protocol of 1978 relating to the International Convention For The Prevention of Pollution From Ships 1973 as amended, Annexes 1, 2, 3, and 5;
- (2) International Conventions relating to Intervention on The High Seas In Cases of Oil Pollution Casualties, 1969;
- (3) Protocol of 1973 relating to Intervention on The High Seas In Cases of Pollution By Substances Other Than Oil;
- (4) International Convention on Civil Liability For Oil Pollution Damage, 1969;
- (5) Protocol of 1976 to The International Convention on Civil Liability For Oil Pollution Damage;
- (6) International Convention on The Establishment of A National Fund For Compensation of Oil Pollution Damage, 1971;
- (7) The Protocol of 1976 to Amend The International Convention on The Establishment of An International Fund For Oil Pollution Damage;

- (8) International Convention on The Prevention of Marine and Pollution By Dumping of Waste And Other Matter, 1972.

Part II deals with the prevention of oil pollution and the most significant provisions are as follows: Barbadian ships are prohibited from discharging oil or mixing oil in any part of the sea outside the territorial waters of Barbados. All ships are prohibited from discharging oil or mixing of oil into the territorial seas of Barbados. The Minister may make regulations requiring Barbadian ships to be fitted with such equipment for the purpose of preventing or reducing such discharges. Surveyors may be appointed by the Minister to carry out appropriate tests in this regard. Defences in the event of discharge or escape of oil which may also occur from exploration activity either on the sea-bed or on land include that the safety of the ship and life was threatened and proof that reasonable care was taken to prevent or reduce such contamination. There is also provision that the Port Authority shall provide reception facilities for ballast water and oil residues either on its own or with another person. Reasonable charges and conditions may be implemented for the use of such facilities. The Minister may direct the Port to provide these facilities. Oil may not be discharged to or from a vessel between sunset and sunrise unless the requisite notice has been given. In the event that any discharge or escape of oil occurs, the owner or the master must forthwith inform the Ministry of Health and the Director of Maritime Affairs.

Part III deals with shipping casualties. In this section, the Minister is permitted in the event of an accident, namely the loss, stranding, abandonment of or damage to a ship to give directions to the owner, master or salver of the ship with a view to preventing or reducing oil pollution or the risk thereof. The directions may require the removal of the ship to discharge the oil or cargo. The Minister may also take the step of the sinking or destruction of the ship or the assumption of operational control thereof. A person may recover expenses or damages which may occur as a result of these directions which were not reasonably necessary to reduce or prevent the oil pollution or the risk thereof and the good resulting from the measure was disproportionately less than the expenses incurred or the damage caused by the action taken. The Minister may by Order in the *Official Gazette* provide that this Part or any other provision of the Act may apply to a ship which is not Barbadian which is for the time being outside of the territorial waters of Barbados.

Part IV deals with civil liability and here where oil is discharged or escapes from a ship the owner of the ship shall be liable to any damage caused in the area of Barbados by contamination resulting from the cost of any remedial measures taken and the damage caused by such measures. Where more than one ship is involved and the damage cannot be apportioned between the ships,

the owners are jointly liable. No liability is incurred in certain circumstances, for example, an act of war, civil war or the negligence of a Government authority in the maintenance of lights or other navigational aids. In the event of an owner of a ship incurs liability under this Part but without its actual guilt or privity, he may limit his liability to 133 SDRs per ton of the ship's tonnage to a maximum of \$14 million SDRs (special drawing rights). The determination of a ship's tonnage is pursuant to the Shipping Act, 1994.

In limitation action, the Court may determine the amounts which will be due to the persons making claims and derive the proportional distribution of the same. Payment into the Court shall be made in dollars as converted from the SDRs on the strength of a certificate from the Central Bank attesting to that valuation for the payment made. The Court should order the release of any ship or property arrested in connection with the claim provided that required sums have become available to the claimant. Concurrent liability of owners or other persons is not allowed.

No ship which carries in bulk cargo more than 2000 tonnes of oil shall enter, arrive at or leave a port or terminal in the territorial waters of Barbados or a Barbadian ship in a location other than the territorial waters of Barbados unless there is in place a certificate indicating there is a contract of insurance or other security in place which satisfies Article 7 of the Liability Convention.

In proceedings against the assured brought by the owner of the ship, a defence of the former may be to prove that the discharge, escape or the threat of contamination was due to the wilful misconduct of the owner the insurer may thus limit his liability.

Where a Government ship is used for commercial purposes, the Government may issue a certificate showing that it is the owner of the ship and indicating that the liability for pollution damage will be met up to the limit of the Liability Convention.

Part V deals with the International Oil Pollution Compensation Fund. Here the liability of the fund is invoked where the person suffering the damage is unable to obtain full compensation under the Civil Liability For Oil Pollution Damage Convention because the discharge or escape was due to an act of God or negligence on the part of the Government or other authority with respect to the maintenance of lights or other navigational aids, or the owner or guarantor liable for the damage is unable to meet its obligations in full, or because the damage exceeds the liability under that Convention.

3.05 p.m.

The Fund shall not incur any liability if it proves that the pollution damage resulted from an act of war, hostilities, civil war or insurrection; of the discharge of oil from a Government ship, or the claimant cannot prove which ship was the source of the damage.

The Fund is also exonerated, wholly or partly, where it may prove that the pollution damage resulted from an act done or omitted to be done with intent to cause damage by the claimant or from the negligence of that person.

The Fund shall indemnify the owner of a Convention ship or its guarantor in the excess of 100 SDR's per ship's tonnage, or 8.33 million SDR's, whichever is the lesser, and is not in excess of 133 SDR's per tonne for said tonnage, or 14 million SDR's, whichever is less.

The Fund shall not incur this liability where pollution damage resulted from the negligence of the owner.

No action shall be entertained against the Fund unless the action is commenced no later than three years after the claim against the Fund arose, or a third party notice had been given.

No action to enforce a claim shall be entertained in a Barbados court unless the action was commenced not later than six years after the occurrence of first of the occurrences.

By payment of any sum the Fund shall require the rights of the recipients against the owner or guarantor.

Where a public authority in Barbados has paid the sum as compensation for pollution damage, that authority shall require the rights of the recipient against the Fund.

Part VI addresses the question of enforcement.

The Minister may make regulations requiring the carriage of oil record books, as well as stipulating the records to be kept therein. Such records include the maintaining of records for the loading, transfer and discharge of oil cargo, the ballasting of oil tanks, the discharge of ballast therefrom and occasions on which discharge of oil or mixture is discharged from the ship for the purpose of securing the safety of the ship or the saving of life.

These regulations will also stipulate the format of these books and their custody and disposal.

The Minister may appoint persons to report as to whether the provisions of the Act are being complied

with and whether the oil reception facilities provided in ports are adequate.

In their inspection of Barbadian ships, Inspectors may inspect any apparatus used for transferring oil as well as may require the testing of any equipment with which the ship is required to be fitted. The Inspector may also require the production of the oil record book and may require the Master to provide certified copies thereof.

In the enforcement of the provisions of the Conventions, the Minister may empower such persons to board ships and require the production of any oil record book and the provision of certified copies of extracts thereof.

The Minister may by Order in the *Official Gazette* stipulate that any country has accepted or denounced the Convention.

Under Part VII the Minister may by order stipulate that, subject to such modifications or exceptions as may be necessary, any regulations made under the Act may apply to foreign ships at any time they are in port or are within Barbadian waters while on their way to or from a port. Such an order shall not impose different requirements with respect to ships of different countries.

These regulations shall not apply to a ship which enters the area by stress of weather or under circumstances which the master, owner or charterer could not have prevented or forestalled.

Where offences by a body corporate are committed with the consent, connivance or occasioned by the neglect of a director, manager, secretary or similar officer of the company, he as well as the body corporate shall be guilty of an offence and shall be liable to be proceeded against accordingly.

In the provision that the Inspector may test equipment on board ship, there is included a power to require persons on board to undertake said testing.

Those are the major provisions. Part A deals with the Conventions which I alluded to in the opening address and the First and Second Schedules are set out here.

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

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I rise to make an intervention on this Bill only to provide certain additional information in relation to the actions which Government is taking in matters of this nature.

This Bill provides, among other things, for the creation of an International Oil Pollution Compensation Fund, it provides for the enforcement of certain provisions relating to records and inspection. It also sets out the Conventions and Protocols that are applicable and I believe these are important for our future.

The main purpose of my intervention is to indicate that this is one of a number of pieces of legislation which Government is in the process of bringing on stream. There are two others which are very relevant. One is known as the Marine Pollution and Control Bill, which has been in the hands of draftsmen since December last and which we hope we will be able to bring to Parliament soon after the Conference on Sustainable Development. We were hoping that we might have it before, because the Marine Pollution and Control Bill is vitally important if we are to preserve our coastal waters and our coastlines.

The third piece of legislation is a Coastal Zone Management Bill which will seek to give additional strength and to give powers of enforcement to the persons who presently are engaged in the Coastal Conservation Unit of the Ministry of the Environment and they will have responsibility for inspections and policing of the coastline in our efforts to enhance our coastal zones and also to bring perpetrators of marine pollution and control to book.

I support this Bill.

SENATOR Dr. F. W. ALLEYNE: Mr. President, about four years ago I did a careful study of the old Bill and the Marine Pollution Bill I think Senator Lewis referred to. I think some time ago in this Senate the Leader of the Senate also informed us that the Government was working on an Environmental Protection Act.

I just want to say that the updating of legislation in this area is particularly important for countries like Barbados, given the relatively recent developments in the area of mass ocean based tourism, these large liners, which I call hotels, floating on the sea. It is extremely difficult for a little country like Barbados to cope successfully with the problems which emanate from this development.

My main concern four years ago when I examined this, and quite recently when I examined this bit of legislation, in connection with another study which I was doing, had to do with the way in which in Barbados these bits of legislation are put on the Statute Books but then the resources to provide administrative support to implement this legislation is often lacking. I find that these bits of legislation go through the Houses of Parliament and that is as far as they will go. I am a bit encouraged as I heard the Leader of the Senate indicate that provisions are being made for enforcement of certain sections.

A couple of things bothered me at the time, and still bother me today, with respect to this type of legislation. 3.15 p.m.

I notice on pages 6 and 7 of this Bill the fines have been substantially updated. There were fines of a couple dollars and now we are talking about \$240 000. My concern however has to do with the notion of the cost incurred when a party is found guilty of committing an offence under this Act. I have been considering whether the cost is the cost of cleaning up the oil pollution. We already referred to the damage it can do to the coastal zone and how it can destroy marine life and so forth.

I have been wondering whether the cost refers to the cost incurred in cleaning up an oil spill or whether it is the long term cost. Quite some time after you might have cleaned up that oil spill there are long-term costs to be borne. The Leader referred to the damage to the marine environment and that is a long-term factor. The damage it can do to the fishing communities and so on, and the price to pay for soil erosion. I think this is something to bear in mind.

Also Mr. President, I think we need to take cognisance of the general thrust in relation to sustainable development as we put these bits of legislation on the Statute Book. I find in Barbados and in the Caribbean this concept of sustainable development is nothing more than a password. I would invite Honourable Senators to take the Development Plans which are appearing across the Caribbean, given that we are talking so much about sustainable development, and tell me which plans are set within the conceptual framework of sustainable development. Tell me where the policies which you see articulated are set within that context.

My challenge today, Mr. President, is for Governments across this Caribbean to internalise this concept of sustainable development in their plans and in their programmes and the things they want to do.

Mr. President, I have great pleasure in supporting this Bill.

SEENATOR Miss Y. V. WALKES: Mr. President, in support of this Bill I want to make a few short points and my emphasis will be based mainly on the need for us to pay special attention to the area of pollution.

I am glad to hear about the marine pollution Bill and I also noted, as Senator Alleyne mentioned, that there was talk about introducing an environmental protection act. This Shipping (Oil Pollution) Bill, 1994 before us brings to mind the need for us in the Caribbean to have a Caribbean environmental summit. I hope that this may be a

recommendation coming out of the Global Conference on Small Island Developing States which is to be held here this year and that this Caribbean Summit will be held at least by 1996 or 1997.

Why is there a need for this? We will recognise from the Bill that oil spillage and damage to our marine environment and our coastal zone and things of that nature and even the cost affect the whole Caribbean. I am not talking about the CARICOM states alone. I am talking about the Caribbean because I see the Caribbean as a small area geographically, one can call it a bio-region, or you might say a homogeneous area. Therefore if we have a summit... One might wonder why I am calling for a summit when we are going to have a global conference in the next few weeks. I am saying a Caribbean summit because I know that within the global context we cannot monitor some of the recommendations which will be made. However we will be able to monitor what is happening in a smaller area like the Caribbean.

You might have heard that next year in Manchester there will be an environmental summit to look at cities within the developed countries. They are looking at cities and how environmental issues impact on those cities. If we only consider the global situation we would not be able to focus our attention and monitor our Caribbean situation which needs special care and attention.

Of course you know all the similarities we have in the Caribbean and the need for us to focus on them. Although globally we might focus on the problems the solutions that might be suggested as adequate might not be the ones to deal with our problems. We therefore need to identify solutions that will cater to our area and also to give those solutions prominence. Each of the solutions should be treated separate and given prominence rather than lumping them together so that we can deal with our area.

I wanted to make the call for a Caribbean summit to look at the environment, an environmental summit to deal with the areas highlighted in the Bill in terms of our marine environment and also the environment at large. Thank you.

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, Mr. DEPUTY PRESIDENT in the Chair.

Part I, Clauses 1 and 2 were called and passed.

Part II, Clauses 3 – 14 were called and passed.

Part III, Clauses 15 – 19 were called.
3.25 p.m.

Parts IV – VIII inclusive were called and passed.

The First and Second Schedules 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.

The question that the Bill be read a third time and passed was put to the Senate and agreed to.

ORDER NO. 4 – RESOLUTION TO APPROVE THE
SALE TO THE NATIONAL INSURANCE BOARD
OF LAND AT CULLODEN FARM,
ST. MICHAEL

SENATOR THE HON. L. V. H. LEWIS: Mr. President, this Resolution seeks the approval of Parliament for the sale by the Crown in its right of Government to the National Insurance Board of a parcel of land at Culloden Farm, St. Michael, for the provision of additional car parking facilities. Let me say at the outset that the car parking facilities are already in use, and have been in use for some time.

The sale was approved by Cabinet at a meeting in December 1992 when it was considered and agreed that a parcel of Crown land comprising 2 895 square metres should be sold to the Board for the provision of parking facilities.

It will be recalled, Mr. President, that when the National Insurance Board purchased lands in that area and the office was constructed that a survey was carried out which showed that in all the offices surrounding that National Insurance building, that is, the Ministry of Foreign Affairs on Culloden Road, the buildings occupied by the British High Commission, Mutual, Kirby, the Insurance Association of the Caribbean and other buildings in the vicinity as well as the Lands and Surveys Department, the Personnel Administration Division, the Ministry of Agriculture's Unit, the National Standards Institution, the Ombudsman and the Environmental Unit, including the persons who were at that time expected to occupy the National Insurance Building, it was found that there were over 900 persons in the area and that more than 600 vehicles were in use or would be parked in the area. The space which was available for the National Insurance staff would have been just adequate but it certainly could not accommodate visitors.

Indeed, since that time there have been more vehicles purchased by persons who work in the area, or certainly used by them. The upshot of it is that this new extended

area is in use, and is being fully utilised during the day. It also has provisions for hard court facilities which was one of the promises made by the National Insurance Board when they were provided with lands that had previously been available as hard court facilities.

As far as I am aware, Mr. President, the Board has already paid the Crown in its right of Government for the purchase of this land. This Resolution now seeks to conclude the business in relation to the National Insurance Board having a valid title in relation to the land.

I beg to move that the Resolution do now pass.

SENATOR Dr. F. W. ALLEYNE: Mr. President, I certainly would not detain the House on this matter. I just want to seize this opportunity to record our appreciation, the National Insurance Board, to the support we have received at the level of the Cabinet of Barbados and the relevant officers in the Ministry of Housing in seeking to make things better for those who work in National Insurance and those who have to use the facilities of the National Insurance. It is a bit of an enigma when people refer to the old building as the old National Insurance Building when in fact, you know in law the National Insurance Board could not own property until the law was amended in the late 1980s.

I think, Mr. President, it is common knowledge that quite a lot has happened in National Insurance in the last 10 years. With all the restructuring that has been going on in Barbados the fact of the matter is that restructuring started first in the National Insurance. A committee was established by the Minister responsible for National Insurance in 1986, the late Errol Barrow, and that committee reported just after he died. Out of that committee report many of the changes have come. The changes have been overseen by his successor, the present Prime Minister who was Minister of National Insurance from 1987 to 1993.

I say that, Mr. President, to say that particularly in the last two to three months there has been a lot of mischief put abroad in the public domain about how the resources of the National Insurance Fund are being utilised. Some of you will have seen a weekend column referring to squandermania of the National Insurance resources. I just wish to assure Honourable Members of this House that there has never been any squandermania of National Insurance resources, certainly not within my time as Chairman of that Board and I do not foresee any either. What is happening, I want to assure you, is nothing other than straight mischief at the highest level.

3.35 p.m.

I say at the highest level because I am convinced, and I have said to the Board and to the management

of National Insurance that I am convinced that the mischief which is taking place is at the level of the Board. I am convinced about that. Fortunately, the life of the Board is coming to an end I believe some time in June. But one thing I am sure about is that I will not be sitting down after June 15 with mischief makers. Not at this stage in my life. When I was 20 years and 30 years I would have done it. But I draw the line on those kinds of things nowadays. The Minister knows my position on it.

This Government has faced a challenge in National Insurance which no other Government in Barbados has had to face. We have had to deal with the burden, I call it burden because it is a burden, of collecting levies. Those levies, I am sure the employers would know, they have always complained about it, the self-employed have complained about it and have made many contributors the self-employed, as well as the employers have been given the additional impediment to paying their contributions to this scheme. We have been literally begging for years to have these levies removed from the National Insurance. Because many contributors will say to us we do not mind paying the National Insurance contributions but not the levies, they are burdens. Thank God the levies are a thing of the past, except the levy for the Training Fund.

Also too, Mr. President, this Board and the Minister responsible for National Insurance have had to face a phenomenon which, for many years, we anticipated and that is the time when the Fund would stop building up these excess reserves very rapidly. We are at a stage now where contributions just balance out the benefit payments short-term and long-term. In fact last year we were in a position where, at one time, the current contributions could not cover the benefit payments. Fortunately because we had wisely adopted an investment policy in the previous years, that took care of us so investment income was so substantial that it was able to deal with that shortfall. It is something which every right thinking Barbadian has to be concerned about because we pay our contributions.

If we live to see 65 we should feel assured that we will receive the benefits which we were promised. Mr. President, with the recent amendment in the contribution rate, the increase in the contribution rate by 2.5% the situation has turned around. I think I said some time ago that in spite of the difficulties of 1990-91, we have turned the corner certainly with regard to severance. We are in a much better position now than we were in 1989 when the Minister of Finance went to the Consolidated Fund and loaned us \$10 million. We are in a much better position because yes, we owe the \$10 million plus interest but at least we are starting to build up reserves. Late last year the Board wrote to the Minister withdrawing a request to have the \$10 million loan converted to a grant because we felt it was unfair that in a situation of fiscal stringency, if the

fund was turned around we should ask for a grant to pay back that loan. The prognosis is very good.

I am happy to say, Mr. President that the decision which we took and which was supported by Cabinet to erect the Sir Frank Walcott building is a wise decision. I believe you know that at this time that building is fully occupied and I believe if we had another building of that same capacity it would be fully occupied.

Unfortunately there is an unfortunate position in Barbados where some people believe that public officers should not have access to proper working accommodation. It is a very, very funny thing in Barbados. I do not understand it. However, what we try to do and I think what we have succeeded in doing, is providing for those public servants who work for National Insurance first class accommodation. I am happy to say that so far we have been successful in maintaining the quality of that accommodation.

I believe that the model which we are trying to build in National Insurance is one which the public sector might do well to study. We have spent on structures in erecting the National Insurance building something of the order of \$20.5 million. I believe you know that we have budgeted some \$20.3 million for that building and at the end of the day we finished it within that figure.

We are now in the process – and I believe that some of you who visit National Insurance will notice – of putting up those car ports. I want you to abuse your minds of what you see in the papers. Those car ports are the property of the National Insurance Board. Whichever Government is in office those car ports will remain there. There is no squandermania in them either. That column carried over the weekend claiming that the Board is indulging in squandermania. Those car ports are put up for our senior management and the senior management in the offices who have to labour there and some of those people are inside there early on mornings and sometimes they are still there at night. I believe we have a responsibility to treat our management properly.

Why must we believe that our management in the public sector must be treated as an inferior type of people to those in the private sector. Mr. President, I do not subscribe to that view and I will never subscribe to it. And because Minister Jones or Minister Douglas is in the building that is not going to change it either. Because Permanent Secretary Browne or some other Permanent Secretary is there it is not going to change my view. I relate to a position and an office.

Our position on the Board is that you have to accord a certain dignity to a position. We have nothing to

hide with respect to the erection of those car ports. The whole process was put out to tender we have adhered to the rules which were laid down quite early and I can say without a shadow of a doubt, to the best of my knowledge, nobody on that Board has anything to hide with respect to the uses of the funds of the National Insurance.

The last estimate I have seen of the resources of National Insurance, we have about \$641 million. Mr. President, it is true interest rates are low, but you can rest assured we have devised a strategy to make sure that those Barbadians who have worked hard and contributed to that National Insurance Scheme can feel happy when in their years of retirement that the benefits which have been promised to them that those benefits are the benefits which they receive.

Mr. President, once again I want to record appreciation to the Cabinet for their support on this particular matter in amending the legislation, giving the Board the ability to own property, and assist us with this property.

Thank you, Sir,

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Mr. President, Sir, I just wanted to make a short intervention here. Senator Alleyne spoke about the National Insurance Fund and he talked about the fact that contributions are down a bit in this last year. I want to make a comment here because I am a little bit worried because in 1992, for example, the balance of revenue over expenditure was only in the order of \$6 million which is a low figure. I understand that in that area one of the reasons probably for that is the cost of the building and so on because we have an \$11 million capital expenditure item here. Even if you add in that \$70 million which is a bit down from the balance in previous years what you must understand is that over \$50 million went towards non-contributory old age pensions which is now a cost on the National Insurance. It is only from 1982 that the old age non-contributory pension was paid out of National Insurance Funds.
3.45 p.m.

Sir, if given the fact that projections are showing that our population is aging.

SENATOR Dr. F. W. ALLEYNE: On a point of order, Sir, it is not correct to say that the non-contributory old age pensions are being funded out of National Insurance Fund. There is a particular formula which sets out the specific contributions the employer and the employee pay towards that element. The other thing which I wanted to say is that for quite some time now the fund

has been very moderately over collecting. So it is not really a drag on...

Thank you, Mr. President.

SENATOR T. E. BARKER: Mr. President, I thank the Honourable Member for enlightening me and I appreciate that very much but the point I want to make is that as our population ages we have to make sure that the National Insurance Scheme takes into account that particular fact that we are getting more and more older people within our society who are going to be beneficiaries of the money from this Fund. It is very important that we make sure that this Fund is well serviced and that the investments and so are proper.

I note, Sir, that quite a lot of the investments, may be more than half of the investments, are in Government paper, Treasury Bills and Debentures which is good because I think in the mid-eighties there seemed to be a shift from lending to Government through Treasury Bills and Debentures towards lending to commercial banks. I am happy to see, Sir, there has been some reversal of that trend because I am one who believes strongly that the best place for the National Insurance Fund to be is helping with the Government's capital projects and such ventures in the way of Treasury Bills and Debentures and so on. I believe the best way National Insurance Funds can be used is in that area where the risks are a bit lower because the Fund is a direct charge on the Treasury so that there is no chance of what happened at BCCI happening to the Treasury Bills and Debentures because they are backed by the Treasury and so on.

I am glad there is a reversal of that policy because I am very concerned about this National Insurance Fund. As I said earlier, our population is becoming older and the proportion of people over 65 is increasing year after year after year. So that is one area that we have to be very careful about.

Sir, I am a little bit worried that even although in 1992 the National Insurance contributions went up as a result of the maximum earnings going from \$2 600 to about \$3 100. In spite of that we get a drop in the contributions from \$142 million to \$134 million.

I know, Sir, that the rise in unemployment will obviously have an effect on the contributions but I wonder how much of the shortfall is due to the fact that people are not paying and we still have a lot of outstanding arrears – money that the employers have collected and not paid into the fund. That is an area I feel very strongly about because a lot of employers take the workers' money and use the workers' money that they have collected for whatever and it is not going into the National Insurance Fund. I

think that is something that is reprehensible and must be condemned in the strongest way. Even if, Sir, a business went into trouble and could not pay its own portion and sheepishly sent on what they had collected from the employees to the National Insurance, although we do not condone that we could still say that the fellow was making a little effort. I think we have to be very strong in our condemnation of the practice that has gone on for years. It is nothing new. But it has become even more acute now that the economy is in a bit of downturn.

Sir, I want the National Insurance to be very diligent in making sure that all outstanding dues are collected with haste because the Fund needs that money to collect interest on so that when I get 65, in quite a few years time, that I would benefit from the contribution which I have made over the years.

Sir, I am glad that the National Insurance has got a permanent home. I think, Sir, it is an impressive building and I offer my sincerest commendation on those involved and I wish that other arms of Government will take a note of the success of the Sir Frank Walcott Building so the landscape will not be cluttered up with unfinished building and unsightly buildings but rather they will not start what they cannot end but make sure that when they start a building they know where the funds to finish it are coming from.

I think, Sir, as well as other people have mentioned, when we look around we see all over Barbados evidence of faulty planning so when something is done in a timely and proper manner we have to offer our sincerest congratulations.

Sir, I support this Resolution and I hope the National Insurance Scheme will continue to grow from strength to strength because it has benefitted a lot of people in Barbados and it will continue to do so over the years so we have to make sure that everything is put in place in order that proper management of the funds be done in a good fashion.

Thank you, Mr. President.

Mr. PRESIDENT: Senator Lewis.

SENATOR THE HON. L. V. H. LEWIS: I think, Mr. President, the Honourable Member should be aware that the National Insurance Board, several years ago, agreed that it would subject itself to periodic actuarial reviews as a means of ensuring that the concerns which he has expressed will be taken into consideration and that when necessary variations to the approach of the Board can be put in place to ensure that the Fund continues as long as

the world lasts. I beg to move that the Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 5 – THE PRAEDIAL LARCENY (AMENDMENT) BILL, 1994

Mr. PRESIDENT: Senator Lewis.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, when in 1992 the Ministry responsible for Agriculture, Food and Fisheries brought a Praedial Larceny Prevention Bill to Parliament and it was passed after being referred to a Joint Select Committee of both Houses of Parliament we believed that we had answered most of the concerns that were hanging about in relation to praedial larceny.

3.55 p.m.

Events in 1993 have shown that there were one or two deficiencies and this amendment before us seeks to amend the Act of 1992 in order to cure those deficiencies. The first of these relates to the provision that, where a vehicle is seized under Section 7 and is found to be unlawfully in the possession of a person brought before the Magistrate, provision is now made for the vehicle to be handed over to the proper owner and not the person who was unlawfully in possession of it. What was happening was that a vehicle like this would just languish in the Courts and go to ruin. But the idea is that the proper owner would be able to recover the vehicle.

The other amendment, Mr. President, relates to the sale of livestock and perishable produce and this provision under Section 10 (a)(1) provides for agricultural produce or livestock which is seized and likely to perish to be sold or disposed of in another manner provided that the Chief Agricultural Officer provides information to the Court by way of a certificate indicating certain information and that where a person before a Magistrate pleads guilty or is convicted of an offence in relation to the agricultural produce or livestock that the Court may order compensation to be paid out of the proceeds of the sale or order the accused to pay the complainant compensation.

The amendment also provides that the payment of the compensation will not be a hindrance to any civil proceedings for damages which the complainant may decide to pursue. In instances where the seizure of proceeds and the ownership cannot be discovered, then the proceeds shall be paid into the Consolidated Fund. These amendments are intended to enhance and to improve the operations of the Praedial Larceny Prevention Act.

I beg to move that this Bill be now read a second time.

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Thank you, Mr. President. I rise to support the amendments to this Bill. I just have one observation and that is in Clause 3 regarding the Chief Agricultural Officer selling produce or livestock. I wonder for example, Sir, where a cattle owner has a prize bull of which there is no other type around and somebody goes and steals that animal if we can prove that Mr. "X" actually owned that animal. I know that if the sale cannot be conducted it can be disposed of. But the way how this is phrased, it seems to me as though the Chief Agricultural Officer must sell it and only if he cannot get it sold that he can dispose of it in another manner.

Sir, I wonder in the case that I just mentioned if the Chief Agricultural Officer having determined that there is a strong case that this particular animal was owned by Mr. "X" could deliver the said animal to the owner probably with some sort of bond or something like that. Because it may be a delicate animal that would need special attention or whatever. Sir, this is just my observation. I do not know what it is worth but I think that instead of saying that the Chief Agricultural Officer should sell it so long as there is no question of proof of ownership that the owner, in my view, should be given back the animal with some sort of bond.

Mr. PRESIDENT: Senator Barker, is this not in reference to perishables?

SENATOR T. E. BARKER: Not only that. It mentioned livestock.

Mr. PRESIDENT: All right. Senator Morrison.

SENATOR A. MORRISON: Yes, Sir. Mr. President, I rise to support these amendments to the Praedial Larceny Bill because, despite that we have systems in place to deal with praedial larceny, it still continues in a very unabashed fashion. We find that farmers in the Christ Church area, particularly in Gibbons, people have taken to farming in recent months because of the structural adjustment policies by Government. In an effort to boost food production, people who have never been in agriculture before have taken the chance to invest some money in land and to plant crops in order to beat the squeeze more or less. These new farmers are experiencing great losses due to the activities of these people who drive about with vans and trucks and reap whole crops sometimes an acre of cabbages or carrots and things like that. They have been very hard on some new farmers who have answered the call from Government to get involved in farming and most of them have been doing a very good job in recent months. Especially in the Gibbons Boggs area, there is irrigation water available where people are able to plant according to a set pattern

and more or less a planned production is taking place in that area.

A very serious thing has arisen in that area too where people of a different colour than myself have gone into farming and they are marauding those same people's crops which is not fair. They are leaving this farm here and going next door and they are taking a big toll on the other farms, and they are trying to issue in a new period of terror and to further divide our society in more ways than one. I would like that we go further with this kind of legislation to affix more severe punishment on people who plunder livestock and crops on people's land. I know of a farmer who lost two acres of pumpkin just like that in the space of two nights. Van loads of pumpkin have been reaped from a particular area not to mention carrots. If you are so foolish to plant eschalots on a large scale and when they are ready to be reaped, you would not find any around. For instance, you may engage eschalots for a Friday morning but on that Thursday night the whole crop would be reaped. When you awoke on that Friday morning, you would not see anymore eschalots in that field. It hurts because the agricultural sector is about to play its own role in Barbados coming back into its own. It is a very vital sector. We have got some good work being done in sugar from the taking over of the plantations by the Government. Had not for that take-over - (I hope that I will get a chance to talk about that at some future time) - and the remarkable work being done by the Barbados Agricultural Marketing Company to rescue the plantations, we would have been lost to sugar and people have responded to Government's call to plant more vegetables and to get into crop gardening. We must do all as legislators to ensure that when people come into the agricultural sector which is more vital to Barbados' survival than even tourism. Although tourism provides the ready made dollar on the surface, the long-term effects of agricultural production is what is going to provide the kind of stability that Barbados so much needs.

4.05 p.m.

Eighty-five percent of the foreign exchange from sugar remains in Barbados, but you cannot say so for the tourism dollar. Although the tourism dollar is very vital to our existence, we must not get away from the idea that agriculture is very important to the stability of this country and to the long-term development of Barbados as a nation.

We must do all in our efforts as legislators to make sure that people who raid crops and who plunder people's fields should be adequately punished. We should send a clear message to the people out there that we do not intend to sit idly by and watch people destroy our agriculture and hinder people from going into the one area in which people would be glad to make an investment and by so doing impoverish this nation of ours which is on the up now,

and which if we continue in this vein we would become a model for the Caribbean.

We need all of these things to keep moving forward so I hope that with those remarks I have thrown some light on our plight as far as food crops are concerned and I fully support these amendments at this stage, Sir.

SENATOR Mrs. V. C. FRASER: Mr. President, I am indeed extremely happy that we are making strides as far as the Praedial Larceny bill is concerned. I am also particularly happy that your humble servant had the opportunity to serve on this Committee. For a long time people in Barbados, small farmers and medium sized farmers, have been having a severe hit on their purses from those who do not intend to work. They intend to reap and not to sow.

Many are the losses of people crying daily. They have their carrots to pay their mortgage... This has happened to many personal friends. To give an example, Mr. President, one morning one of the farmers in my area had spoken to the Bank and was about to pay for some of her agricultural equipment. She had a whole crop of beets - 2 acres. She and her children got up at the crack of dawn after watching them all night, but for some reason, these fellows were smarter than they. When they closed their eyes, I don't know whether for a few minutes, but by the time she and her four children and her husband were ready, every single beet had left that garden. You can imagine the sadness of that woman. She had a person who buys from her ready for her to deliver.

Such has been the life of many farmers, watching at night, wearying themselves to death. I am not saying that this Bill is going to be the end-all and the be-all, but I think that whatever legislation is passed in this Senate, dealing with agriculture, we have to try to do all in our power as citizens to push it very hard to see to it that some people will be brought to justice. We have too many people selling that do not have any land.

I question some of them when I go in the market. I talk to some fellows with the boxes of tomatoes and I say, "Tell me something. Where do you live? What are you growing?" They say, "I buy these." They have no land of their own and they don't really buy them. They steal them and we have to be very careful too that people have not sprayed their crops. The consumer has to be very careful about some of those crops.

Recently somebody brought me some bananas which they had bought and I had reason to take one to the Standards Institution. Those bananas were sprayed because I have never seen bananas spotted all over and still remaining green. So the consumer has to be very much

aware. These were sprayed because the residue of the spray was still on the bananas. They are trying every trick in the book and it will not encourage people.

We at the National Development Foundation are trying our best to help many small farmers with irrigation. We have entered into special agreement with the Ministry of Agriculture to grow crops which they will supervise the farmers in all the methods to help them grow successful crops. We have professionals to help these farmers. After that, we lend them money to buy irrigation and continue to work with them.

We have been able to get a number of things like peppers for export and okras through the BADMC Export Promotion Unit. It is not going to be very encouraging to those people. The moment they start to lose they are losing foreign exchange. Therefore we have to do all in our power to see that we get these laws implemented.

Many laws are passed but when it comes to the implementation we are a bit lacking in that area. Mr. President, I hope Barbadians will be much more vigilant. The police cannot police all. We need to go back to what we used to have in some areas. I grew up with my parents and grandparents telling me that in certain parishes and in Shorey Village in St. Andrew that people were able to sell every bit of their crop because if a fellow came there from somewhere else the people held him and asked him where he was from and what he was looking for. If they realised he had a bag to steal anything, he was given a good beating.

One time I was talking to Atlee Brathwaite and he told me the same thing happens in Sierra Leone. The women of the village, if they catch a thief coming in to steal their crops, all hold him and give him a flogging and chase him back out.

I am not advocating that people must walk about and beat people but I am advocating that we must be very vigilant and get those people out of our area. I think it is necessary for the farmers in certain areas especially like Gibbons that Senator Morrison mentioned where people are closely knit. As a young person working in Extension that was an area I was very much involved in. Those people worked very hard.

Therefore, it would be hurtful to them when they lose their crops because that is the only livelihood they know and have. If we are to grow crops to help bring in foreign exchange and also to provide crops for the tourists to eat because without food we will have no tourism. If all that is done and with sugar on its way up again and

non-sugar agriculture bringing in foreign exchange this will help our economy to go far.

Mr. President, I am grateful for the legislation and the amendments to the legislation. The last thing I want to say is that we have to spread the word far and wide and we have to talk about the penalties on the news media. We have to focus on some of the farmers that have had losses and let the people understand how serious a problem this is and how people themselves can band themselves together and get rid of some of these vultures who are making us lose hard foreign exchange that we are in great need of and preventing the farmers from being able to pay their bills because that is a serious thing.

4.15 p.m.

Thank you, Mr. President.

SENATOR Dr. F. W. ALLEYNE: Mr. President, I could not let this opportunity pass to deal with what I call the issue of economic sabotage. There was always crop stealing in Barbados from the time I was a boy and my understanding then that crop stealing was some barometer of social stress. When times were hard a fellow would steal a cane or an ear of corn. That is not the case today.

Last Sunday night I saw a young man, I do not know how he managed to carry so many canes on his head. He was straining under the weight. I saw him come and rest them on the concrete just by the landmark by Senator Morrison's house. He sat down there.

Mr. President, this thing is not fair. We are talking in very euphemistic terms about praedial larceny. It is wholesale robbery going on in the country. All of us know crop in agriculture is a very risky business and then to turn around and find that you have these two-foot thieves! You have enough four-foot thieves, the monkeys around. I am very serious about this matter.

I had a very personal experience on this matter with a relative of mine who was a sugar farmer. He begged me to keep an eye on his canes starting October. The reason he could not do it himself is that if he went and the fellows saw him they might burn the canes in November. This was a man of age and he was afraid. After spending all of his life in farming he is afraid to go and look after his canefield because if he should go there and say to the fellows "look, give me a chance" they will burn the canes in November. Mr. President, this cannot be right. All

Barbadians have to commit themselves to wiping out these people who prey on other people.

Mr. President, it is very different from the old-fashioned thing. It is a decline in values where people no longer have any respect for people's property and they come with all kinds of stupid guise that this is Jah's property, and the Lord said the earth is the Lord's and the fullness thereof.

Mr. President, I am a law abiding citizen and I want to abide by the law but I have made it very clear from public places. I experiment a little as a small farmer. I like farming but any time I find any unwanted guests in my place harvesting I am not going to ask any questions. I do not intend to ask anybody any questions because you cannot stray into my place. I am very serious. This is a serious constraint on farming in Barbados.

One of the reasons why farmers have had to give up one of those breeds of canes which you get a very high tonnage per acre is because of the high susceptibility to crop thieves. I am sure Senator Morrison knows what I am talking about, not that he is one of the fellows but he comes from a farming area. It is what I call one of the most cruel deeds committed against hard working people because the farmers are very hardworking people. It is not right for somebody – because in farming you do not have vacations especially those in non-sugar farming. You do not get vacations. Seven days a week you have to be on the job and for somebody then to come and take your crop like that.

Many people in Barbados talk about the young people stealing. I want to call attention to a case last year – I will not call on the specifics – where there was a big crop theft in the Gibbons area. The three people arrested, charged and convicted ranged in age about 61 to 45. They had to have, I believe, a truck to move these things.

I join Senator Fraser on the issue of implementation because I want to say something. It might not go down well with some people but we have a problem of who is going to guard the guards. It is a serious problem and it has to be put on the table. Who is going to look after the watchman when the watchman has been caught with his hand in the jar already? It is a very serious problem and we had better not fool ourselves about it.

Mr. President, if there are no buyers, the opportunity for wholesale stealing of people's crops will die away. I believe that those people who are the big buyers – a fellow is not going to come and steal with a truck and steal my produce or your produce unless he has a ready market for it. Let us not fool ourselves about that. They go and contract your produce. I know and I have been told

of people who in the daytime get in motor vehicles and survey areas and earmark the areas they are coming back to reap the night; but they do that after they have the market tied up. I believe that the receivers should have a sharper sentence than the fellow who is reaping and conveying the produce.

I believe, Mr. President, that at the level of implementation, if the farmers in Barbados came together, all the farmers, whether it is the BAS or what have you, but since you have the BAS there it can be the BAS, join a marketing association and sell their produce through that association. It facilitates the task of the law enforcement people when they are checking on crop theft because if I come into Mr. X's supermarket I should be able to check his produce and see whether he has his stamp of that marketing association. It is in the interest of all the commercial farmers to join that association, market their produce through that association so that all of the produce carries the stamp of that association so that any seller who has produce which does not carry the stamp of that association that person has to account for it. Where did you get it from.

There was a survey carried out in Barbados, a very scientific study. It showed that the two most important impediments to agriculture in Barbados, particularly non-sugar agriculture cropping, were marketing and praedial larceny.

Mr. President, in closing I want to say that I refuse to use this term of praedial larceny. What we have is wholesale thieving in Barbados. I make no apologies for it. I will join with any move to wipe out that set of people.

Mr. President, thank you.

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

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, SENATOR J. J. PAYNE in the Chair.

Mr. CHAIRMAN: The Senate is in committee.

Clauses 1 – 3 inclusive were called and passed.
4.25 p.m.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. CHAIRMAN reported to Mr. PRESIDENT the passing of one Bill in Committee without amendment and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR THE HON. L. V. H. LEWIS the Bill was read a third time and passed.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move that this Senate be now adjourned *sine die*.

The question was put to the Senate and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.
4.30 p.m.

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