
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

THE SENATE

Wednesday, January 26, 2000

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, January 26, 2000, at 11.20 a.m.

PRESENT

His Honour Senator Sir Fred GOLLOP, K.A. (President)

His Honour Senator C. L. BOLDEN, C.B.E. (Deputy President)

Senator the Hon. G. S. H. MURRAY, J.P. (Minister of State, Prime Minister's Office and the Civil Service)

Senator T. E. BARKER (Parliamentary Secretary, Ministry of the Environment, Energy and Natural Resources)

Senator the Hon. Miss O. P. SYMONDS, G.C.M.

Senator Mrs. P. E. RICKINSON

Senator C. K. LAURIE

Senator C. LeR. TROTMAN

Senator Miss J. C. ODLE

Senator C. A. MASCOLL, B.Sc. (Econ.) (Hons.) (Public Finance)

Senator G. E. N. BROME

Senator Mrs. V. E. NEWTON, S.C.M.

Senator D. D. MARSHALL

Senator Sir John Stanley GODDARD, K.A.

Senator the Rev. L. W. B. ROCK

Senator B. R. COLLYMORE, C.M.G.

Senator Mrs. J. P. ALLEYNE

Senator J. E. D. WILLIAMS

Prayers were led by Rev. Father Errington Massiah.

Mr. PRESIDENT: This Senate is in session.

I should like to announce that I have received from the Auditor General his report for 1999 in accordance with

Section 28(4) of the Financial Administration and Audit Act, Chapter 5.

PRESENTATION OF PAPERS

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I am commanded to lay the following:

1. The Value Added Tax (Refund) (St. Francis of Assisi Roman Catholic Church) Order, 1999.
2. The Value Added Tax (Refund) (Street Gospel Ministries, Inc.) Order, 1999.
3. Customs Tariff (Amendment) (No. 5) Order, 1999.
4. Customs Tariff (Amendment) (No. 6) Order, 1999.
5. Duties, Taxes and Other Payments (Exemption) (Barbados Tourism Investment Corporation) Order, 1999.
6. Report of the Social Investment Fund for the Quarter ending September 30, 1999.
7. Report on the Audit of the Accounts of the National Insurance Fund for the year ending 31st December, 1996.
8. Parliament (Administration) Order, 1999.
9. The Barbados Port Authority (Tariff Book of Dues and Charges) (Amendment) Regulation, 1999.
10. The Annual Report and Statement of Accounts of the Insurance Corporation of Barbados for the year 1998.

11. The Twenty-fifth Annual Report of the National Housing Corporation for the financial year ending 31st March, 1998.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I beg to move that Standing Order 45(2) be suspended for the remainder of today's Sitting.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I beg to give notice of the following:

1. The Penal System Reform (Amendment) Bill, 2000.
2. The Public Service (Restoration of Emoluments) Bill, 2000.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER NO I – PUBLIC SERVICE (RESTORATION OF EMOLUMENTS) BILL, 2000

SENATOR THE HON. G. S. H. MURRAY: Mr. President, along with the pleasure of seeing my Parliamentary colleagues for the first time for the New Year, I have additional pleasure in being able to participate in a measure which brings great gratification to the Government as a means of implementing some long overdue remedial work regarding the Public Servants of Barbados.

Sir, on appearance this Bill, which is a rather slender document with only five sections, appears to be a very simple and straightforward measure and indeed it is because it would, among other things, authorize the payment of monies out of the Consolidated Fund to certain persons whose salaries and allowances were reduced pursuant to the Public Service Reduction of Emoluments Act, 1991.

Sir, simple as that might seem and as it might sound, this measure has tremendous, enormous and profound significance for the public service in Barbados in particular and to the society in general. To fully understand the enormity and to appreciate even the enormity of the step which is encapsulated in this measure, it will be necessary to recap the historical events that led to whatever it is that has made this Bill necessary in the first place.

Sir, this is one instance where we cannot subscribe to the maxim that Barbadians have short memories because it would be doing an injustice to the whole historical significance of this measure if we were to treat it as just a pedestrian issue which the public can easily forget. Those were the circumstances that led to this Bill.

Sir, even as I speak and seek to recapture some of the past to put this in its historical context, I feel a certain measure of pain in doing so. While I was not a public servant at that time and did not suffer the severity and the loss of an 8 per cent pay cut, I was a member of a private sector company which was also adversely affected by the severe economic circumstances that prevailed in Barbados at that time, 1991 – 1993 and sometime thereafter. Therefore I suffered for some three or four years a wage freeze where I did not have the benefit of an increase in salary wherewith to try to meet my obligations to myself and to my family.

Therefore, Sir, I remember having to watch every penny I spent. I had to watch my gas gauge if I was going to go for a drive, and I travelled only when it was necessary. There was no driving around the country; there was no socialising to any large extent because I had to watch every cent. I remember too, Sir, that I had to watch my grocery bills. I have great personal empathy, way beyond sympathy, with the over 25 000 public servants in Barbados, including those persons at the statutory boards, who would have suffered from the pay cut that was instituted as part of a structural adjustment programme by the Government of the day.

Sir, it must be said, and in the debate this whole thing has to be made clear from the outset, that the Government has not been and does not intend to be defensive or apologetic in its position on this issue. We have a position of principle which was enunciated very early on this measure and therefore we have nothing to apologize for. We do not have to be hesitant or hypersensitive that anybody might seek to twist the record or seek to impose any strictures for this measure and by trying to split hairs, seek to trivialize and minimise the true social impact of this measure.

Sir, what makes that whole issue so traumatic is the fact that when one examines the historical record and looks at all the facts and figures, economic and other data, it is clear that the circumstances that led to the Government of the day imposing or having to enter a structural adjustment programme which led them to cut the civil servants' salaries, could have been avoided. There is no doubt that there was ample warning given by the Opposition of the day that the programme which the then Government, the Democratic Labour Party Government, was pursuing was going to lead to a very severe state in the affairs of the country.

Therefore we knew that it could have been avoided and the Government of the day was warned by the Opposition, impartial observers and persons who were involved in the public sector and private sector; and persons who were involved at the University said that if they maintained the path on which they were then travelling, Barbados would have to suffer dire consequences for it. Unfortunately, the strictures were not heeded and the outcome was that which led to this sorry pass.

Sir – just as the Jews said, “never again, never again” when they suffered the atrocities of the holocaust at the hands of Hitler and the Germans – we in the Barbados Labour Party vowed, never again, never again would we ever put Barbados in a position financially where this could happen.

We felt that once the affairs of Barbados were managed properly and responsibly, such a position could be avoided. We also felt that the best way to institutionalize that would be not just to verbalise it, but to take the monumental step of seeking to amend the Barbados Constitution to protect the earnings of the public servants in the future against such measures. In our 1994 Manifesto on page 21 we said the following on this measure:

Sir, we said that we would take such measures as to prevent the public servants of Barbados having their salaries being cut again. Therefore we, at the very first opportunity sought to put our words into deeds by amending the Constitution of Barbados.

Sir, the Democratic Labour Party, when they cut the public workers' salaries, said that they had been given the overwhelming support of the majority of public servants to institute the pay cut. I know personally, because I was working with the newspaper then and therefore we were in the midst of covering this monumental issue.
11.30 a.m.

I can recall very vividly being regaled with stories of persons who were being compelled, pushed, cajoled and threatened to sign the so-called option form where they opted for the pay cut which was against their will. So it should not therefore be said that the Public Servants entered freely and willingly into this measure but that it was something which some felt had to be done and therefore they had no choice but some sought to resist it and were compelled to do otherwise.

Sir, we saw it as a question of morality and principle of the highest order to redress the imbalance and to protect the future of the Public Servants and their salaries against such developments in the future. In that regard, the Barbados Labour Party (BLP) went to the House and amended the Constitution. It is instructive that even at that stage the

Democratic Labour Party (DLP) opposed the constitutional amendment that we took to protect the future and to safeguard the Public Servants against any other Government of the day doing the same unless they were prepared to amend the Constitution and which would have to be their act. We thought it should not be done through ordinary law, and felt that by putting it under the Constitution we would remove it to a higher level where it could not be done in the dead of night at some person's will and behest. Therefore, Sir, we went into this issue straight from the start because we felt that the Public Servants who had to bear the brunt of this measure had to be protected as I have said.

However, it is interesting enough that there were other categories of persons who were protected by the Constitution, whose salaries were not supposed to have been reduced or altered to their disadvantage. Such persons were the Governor-General, Judges, the Director of Public Prosecution, the Auditor General, appointed members of the Judicial and Legal Service Commission, members of the Public Service Commission and the Police Service Commission.

This Government has taken steps to abolish the positions of public employees and casual employees thus making them all public officers and giving them equal standing, rights and protection. By the same thinking, we felt that there should be no discrimination and that the maids, the watchmen, the teachers, the security guards, the policemen and nurses should all be protected in the same way. That is part of the motivation as to why we took that step by amending the Constitution.

Sir, the Democratic Labour Party (DLP) scoffed at our pronouncement on this issue and that we did not have a commitment to doing so and said that we would not do so. In fact, having said that we would amend the Constitution and once we had set out to do so, the Democratic Labour Party (DLP) then said that there was no need to amend the Constitution, but that they were prepared to accept by our saying so that we would not reduce the wages of Public Servants. They were prepared to take us on our word then, but they were not prepared to take us on our word when we said that we were going to amend the Constitution.

Sir, that helps to indicate the kind of political contortion which the Barbados Labour Party (BLP) suffered at the hands of our political opponents who themselves had been the perpetrators of this deed and who therefore were seeking to extricate themselves from any historical blame by trying to assuage and amend their standings in the eyes of the public by seeking to minimize our attempt, and tried to make it seem as though we were overstepping our bounds and being extreme.

We want to make it clear that we were serious about our commitment and hence took the steps that we did in amending the Constitution. Therefore, I find it hard to accept

those critics who criticized us when we amended the Constitution to protect the future earnings of the Public Servants and for seeking to pay back the money which they themselves had taken away.

I also find it hard to accept the stricture that we should pay back the 8 per cent but that we should pay it back free of taxes and free of any deductions. The law of Barbados is that once you earn income, that income has to be subjected to income tax and national insurance. Therefore, it would have been illegal for Government to seek to pay back the 8 per cent free of income tax and national insurance. It just was not legally possible, so we were not prepared to break the law although it might have been a very popular thing to do, because we would have been courting very cheap and dangerous popularity if we were to seek to take such a step and break the law knowingly and deliberately when all legal advice said it could not be done that way. Therefore, we have to respect the law in this measure and not follow those persons who would seek to lead us up the garden path if we were so innocent as to follow that.

One must recall that the same people who are criticizing us now by telling us that we should repay the eight per cent free of taxes, are the very same Government which had broken the law several times when they themselves had set out to exceed the limit at the Central Bank which has been raised and raised again. We do not have a history of breaking the law. It is one thing to break the law if you do not know better but if you have been warned, cautioned, instructed and advised, one should think that one would have taken that advice into consideration and followed the law. Therefore, Sir, we have sought every step of the way to follow the law in this regard.

In the 1999 Manifesto of the Barbados Labour Party, we said on page 24 under the bold heading "Restoration of 8 percent"

"In recognition of the unique burden shouldered by the Public Servants in carrying the brunt of the economic adjustment in the early 1990's, we will fully restore the loss of earnings to all Public Servants on terms to be negotiated and agreed with the social partners."

It would have been the easiest thing to do just to say pay back and take the unilateral step to pay it back free of taxes, *et cetera* to make us popular for a short term. However, as very responsible members of the social partnership, we felt that it was a national issue that had involved the social partners themselves because every aspect of the Barbadian society had felt the brunt of these measures in 1991. While the Public Servants who numbered some 25 000 might directly have been affected by the pay cut, when one looks at the spin-off through the society, the

impact was enormous and therefore it was a social and national issue which we were facing.

I should like also to quote page 25 of the Democratic Labour Party's (DLP) Manifesto on this measure thus practising the politics of inclusion and being even-handed and very fair in this issue.

"The DLP is committed to the following:

1. Returning the 8% with interest to public employees within fourteen days of taking office."

That is the way they put it but we saw that as an attempt to give us a latter day back-raise. They did it in 1986 and we thought that this was a 1999 back-raise, and we did not fall for it because we knew that it had never been done in Barbados before. One had to research it to make sure that you were on your legal grounds and we knew that it could not be done within 14 days of taking office. For example, if the elections were held tomorrow and you take office and a Cabinet is named within a few days it would be very difficult, if not nearly impossible, to have put this measure into place within 14 days. The Public Servants would have to be doing nothing else, doing this to get it ready. Therefore, we thought that was again a measure of courting cheap popularity on the part of the Democratic Labour Party (DLP).

11.40 a.m.

On this whole question of repayments and paying back free of income tax and NIS deductions, I am still waiting for the Democratic Labour Party to say that when they next return to office the money that this Government took out from the restoration of the pay cut, the income tax and national insurance, they themselves, will give it back to those public servants with interest when a future DLP Government is formed. Then I would believe. I would like to hear them make that vow if they are serious, but one knows that even their vows on a manifesto are not traditionally regarded by that Party as a social contract, therefore one would have to take it with a grain of salt that they would even keep their word. I feel strongly about it and I feel that that is the measure they should take, to commit themselves to repaying the NIS and income tax deductions with interest to those persons from whom they might have been deducted in any 8 per cent which this Government repaid which they had taken away in their time.

Sir, I feel that if they take that step it would help to put things in a better context and we can begin to take them seriously.

I would like to deal with the question of the repayment. The repayment of this measure was as a result of discussions with the social partners and with the unions representing the

public service. Various recommendations and submissions were made but we had said in 1998 that we were committed to the repayment of the 8 per cent deducted between October 1991 and March 1993 and we followed it up by placing it on our Manifesto, and we made it clear from very early that the terms and conditions of the repayment were to be part of a package to be negotiated with the trade unions in respect of new salaries and terms of service for the period April 1999 to end of March 2001.

We felt that was the best way of doing it. We had come from a position where public servants had suffered wage cuts and wage freeze and then we, as a Government had, since coming into office, been in a position where we were able to grant them wage increases in 1995 to 1997, 1997 to 1999 and now on this other one, 1999 to 2001. We felt, along with the productivity payments, that for the first time in the history of Barbados the public workers were able to enjoy that kind of compensation for their having contributed to the overall productivity of the country.

Sir, the Government said that we would repay in three tranches. This repayment is well known and therefore I will not dwell on it to any great degree. We felt that we should repay in three tranches and we felt that it was something which had been taken away from the public servants and who, if their salaries had not been taken away would have had to pay income tax and national insurance; so that income, when it was repaid, would have to be subjected to the same thing.

In addition, we felt that people should be encouraged wherever possible to save their money, and while there has been an attempt to scoff at the question of saving, there is a well known maxim that Rome was not built in a day. Bajans like to say, taking time is not laziness. Otherwise they say you have to creep before you can walk. When I was going to school, Sir, I learnt "Take care of the pennies, the pounds will take care of themselves." We felt that in asking people to save we should provide them the instruments for re-investment and instruments for saving.

While the repayment might not have amounted to \$10 000, you do not need \$10 000 to begin saving. We know that if one has to introduce a culture of saving and investment in Barbados one has to start no matter how small. We know that if persons were to open a bank account – I believe these days you need \$20 or \$50 to open a bank account – you do not wait to get \$5 000 to open it.

We felt that we could provide the financial instruments which will be available for investment by these persons. When one considers that more than \$60 million would have been involved in this repayment, the money having been taken out over 18 months, we felt that it should be repaid over a similar period of time. We felt it would be injurious to the economy to try to pump \$60 million into the economy in one fell swoop, that that could be opening ourselves to a can

of worms and putting us back on the slippery slope from which we have only managed to extricate ourselves due to the sacrifice of the very same public workers and to the rest of the community, and also due to some very worthy economic measures and financial management that have been instituted by this Government since it came to power in 1994.

Sir, we said that we would provide two financial instruments. One would be a five-year savings bond carrying an interest rate of 7.5 per cent per annum which will have to be held for at least one year, and a three-year Treasury Note with a coupon rate of 7.25 per cent per annum, both of which would be tradeable on the Security Exchange of Barbados. Both will bear interest and be free of tax but repayment of the 8 per cent would be subject to income tax.

So that is the background against which the repayment has come. There were various scenarios proposed by the unions. We felt that in order to institute this measure properly one would have to go to a very large extent to make sure that all the persons who were deprived of their pay could be repaid. We felt that one would have to do such practical things in an exercise which is more complicated than it might seem at first, that one would have, for example, to establish that persons might have moved, gone abroad or whatever and you would have to find those persons to establish their identity and their whereabouts before you could repay them.

In addition, there were persons who were former temporary or casual workers who would have been paid under a system of vouchers which did not record persons' national insurance number or their national registration number and we would have to go back to source, back to the National Insurance Department to try to establish the identity and the whereabouts of persons to make sure that they got what was due them. Otherwise, the money could go a-begging.

We also have to establish that if persons were transferred or seconded or moved on to other departments, one would have to be responsible for collating information on these individuals to ensure that the correct calculations were made and to safeguard basically the integrity of the whole exercise.

Sir, it is a very complicated process. It is not as straightforward as it might seem and we felt too that we had to make as exhaustive a search as possible for persons to ensure that as many people as possible were touched by this undertaking. So that is the background.

We felt that this was the best route to go, that we had to respect the law as regards the payment of income taxes and national insurance deductions and we also had to make sure that people had options in which to invest their money, and we felt that we could not risk the chance of injecting

\$60 million into the economy at one time because it could spell serious trouble to Barbados in the future.

We are satisfied that we have made a good effort and have gone the best route possible in seeking to repay the public servants their money, and therefore, we also want to make sure that we put as broad a context and as true a perspective on this measure as possible. One cannot in all fairness see the repayment by itself. One also has to see the repayment in the context of all that has been done for Public Servants in Barbados by this government over the last four to five years. There have been a series of measures that have been done to make sure that the civil servants have a better deal in Barbados. Apart from the regular pay increases that I talked about, we have done a number of things to make the Public Servants' lot better.

We have to see it in the overall context of creating a better public service, of not only seeking to make reparations. There has been some discussion in Barbados about reparations over the slave trade and the experience of slavery etc. We felt that we also have to do our measure of reparations in this measure and we took every step to make sure it is possible.

We also thought that the day-to-day living of Public Servants had been made better and the status and dignity of being a public service employee, not only for those at the top but for those at every level, particularly those at the lower echelons, should be respected and should be enhanced where possible. That is why we have taken steps to convert nearly 5 000 casual officers and public employees and public officers and given them security of tenure and enhanced retirement benefits. One would have seen in the Press recently the news that this exercise is underway. We expect that in another couple of weeks by the end of next month this whole exercise of appointing these persons as public officers would be complete. Some 4 000 letters have gone out already and there are another 1 400 to go out covering these persons. Persons are not just being told grandly that there are being appointed but persons are being given a letter of appointment and treated with the same seriousness as if they were appointed as Governor of the Central Bank. Barbadians regard a letter of appointment in the same way as the papers to their house. They want to see the papers in their hands to show that they are somebody too. Therefore that is one of the most progressive steps that we have taken in improving the lot of the public worker, Sir.

11.50 a.m.

Sir, apart from that, we have systematically gone about improving people's lot. On the question of travel allowances, we have taken steps to ensure that when persons have a travel allowance and want to buy a car, the repayment period be moved from five years to seven years. We have increased the sum which one could borrow from \$20 000 on the first

loan to \$35 000 on the first loan and from \$16 000 as a second loan to \$35 000 on a second loan. The motorcycle loan has gone from \$3 000 to \$5 000 and postal workers are now allowed to purchase duty free motor cycles. At one time you were restricted to simply buying a car and now you can buy another vehicle like a jeep and those kinds of other vehicles which are now so popular. Those kinds of things which may seem mundane and trivial to other persons but which make a lot of difference to the quality of life that persons enjoy in Barbados today. In addition, we have put several other posts on the travelling schedule to make persons eligible for both travel allowances and car loans.

We have made it possible, Sir, for persons who might have acted in posts, that those acting periods, compiled in the period of 36 months prior to retirement, could be aggregated and contribute to the upgrading of their pension. We have increased allowances of all types for the police whether they be washing allowances, plain clothes allowances, uniform allowances, detective allowances or travel allowances; all those have been increased across-the-board. There has been a whole scope of improvements in the lot of public workers.

Sir, along with that, we have also taken steps to improve the physical conditions of persons. We have been systematically air-conditioning offices. We have been refurbishing offices where offices are in a bad state of disrepair and wherever possible, step by step we have been moving out offices to allow for better conditions and allowing the old run down conditions to be improved. For example, we have only recently moved the Ministry of Labour from the Old National Insurance building which has a lot of work to be done to it. From the next financial year, we are going to systematically attack the problem with the National Insurance building in the same way that we have done the Treasury building. If anyone has been into the Treasury building in recent years you will see that step by step, they have been vacating a floor, improving it, re-establishing habitation on that floor and moving on to another floor. The same thing is intended to be done to the National Insurance building.

Sir, we have not only given increases in pay and a productivity allowance but we have also improved the physical conditions of workers wherever possible. We have also, Sir, dealt not only with the short-term lot of public officers but we have also dealt with the more long-term measures.

Before I go into that, I also need to advert to the fact that Cabinet only recently approved a set of overtime rates for public officers, those who are able to work overtime. This stems out of the salary increase that was just granted. It follows automatically that when there is a salary increase that there is an increase in overtime rates based on a number of

formulae which have been agreed upon. Therefore, not only the basic salary but also the overtime rate for public officers have been increased. Sir, that gives a global picture of some of what we are doing to make it better for Public Officers.

Sir, there has been some discussion recently about the whole question of regrading. It came to the fore most forcibly when the issue evolved around the police and their conditions of work, *etcetera*. The police have been asking for a regrading but Government, as a matter of set policy, had said that it was bent on having a comprehensive regrading exercise that would look at the entire public service and that it would not be just looking at one-off/*ad hoc* issues to deal with a situation that would have evolved after the last public service regrading exercise which had taken place in 1989.

Regrading exercises, Sir, are periodic experiences in the life of public service officers and the private sector as well because the world is a dynamic place with dynamic processes at work and social and economic conditions and technology *etcetera* often change the way and change the 'value of a job' from time to time. It is necessary, therefore, for one to go about seeking to correct any anomalies and to re-adjust evaluations so that persons could be given their true worth in monetary terms. We feel that such an exercise would help to increase the productivity and improve the efficiency of the public service and of Barbados in general. We felt that this one should be done on a more scientific basis than had been done in the past.

On this occasion, we propose, Sir, to use what is regarded as a more quantitative methodology as opposed to the qualitative one which had been used in the past. By quantitative I mean that you examine a job and give what is called 'a weighted quantitative value' to each job and it is classified and a value attached to it accordingly. We felt that such a way would make it more open to scrutiny, it would be more transparent and it would, therefore, be able to withstand challenges if attempts had been made to use a more quantitative methodology than had been used in the past.

Sir, we have found that the exercises in the past which were done on what can be described as a qualitative method had been subject to a lot of criticism and skepticism. The net result was that they had bred great dissatisfaction and unhappiness in other parts of the service because that method had been adopted. Sir, we thought that we would do this overall comprehensive job evaluation exercise of the public service.

Sir, I know there has been some criticism in certain quarters. In doing so, they felt that we should not have brought in outsiders to help us in this exercise. I understand the sensitivity of this measure but the reality is that those

persons in the Ministry of the Civil Service who undertake this exercise are what we call in the service 'generalists'.
12.00 noon.

In other words they have not been trained specifically for this job but that through on-the-job experience, through their life experiences and through *ad hoc* short-term training, they are able to pick up certain techniques to be able to deal with job evaluation exercises. We felt that we needed a more structured, scientific approach to this exercise, and that is why we have decided to engage the services of an outside agency to help us with it.

This exercise will be divided into two phases. There is going to be a diagnostic phase and an implementing stage. The diagnostic consultancy will focus on the assessment of the needs of the Ministries, Departments and Statutory Boards, where we will be seeking to look at the size and even what is more important to recommend an appropriate classification system to be used to conduct various exercises. The second consultancy will look at the whole question of procedure and the operation aspects of the job evaluation exercise, and also how we will go about strengthening the Ministry of the Civil Service and certain line Ministries to make them more responsive and more equipped to deal with these exercises. We are not only seeking to do an exercise starting from 1999 onwards for a period of time, but we are seeking to reorient and refashion the Ministry of the Civil Service and provide it with the skills, orientation, techniques and training needed to be able to undertake these things in the future. Hopefully in the future there would be no need to call on outside services, maybe not to this extent, in order to do future regrading exercises in Barbados.

To do this, we are engaging the services of a consultancy. The terms of reference of the consultancy include: assisting in conducting a job analysis of every post in the Civil Service and State corporations, assisting in identifying compensatory factors to be used in determining the relative work in each job, assisting in developing written standards by which each job in the service can be evaluated. That is a most important measure, Sir: assisting in managing the implementation of the agreed job evaluation system and evaluating the structural capability of the Ministry of the Civil Service in carrying out its core functions and if necessary, recommend a plan to improve its capacity and develop and implement a training module aimed at preparing personnel in the Ministry of the Civil Service and Human Resource Representation from line Ministries for the development, implementation and monitoring of the job evaluation systems.

Sir, first the diagnostic phase of which I spoke is expected to take six months, while the development phase is expected to take 18 months. Altogether we are looking at a two-year exercise. The Inter-American Development Bank has very readily agreed to assist with the project and we have already identified a consultant for this exercise. He is expected to be on the job very shortly to begin actual work.

The Ministry of the Civil Service and the Government have also started to discuss with the Treasury Board Secretariat of the Federal Civil Service of Canada, the use of their universal classification system which is regarded as a state of the art classification system with human resource management tools, and is considered to be particularly suitable to the needs of the Barbados Civil Service, which is moving toward a quantitative and transparent system of future job evaluations.

Sir, the job evaluation exercise about which the public would have heard so much in recent times is truly on the way and is being treated with great seriousness by the Government.

In addition, one of the other things I would like to speak of is regarding how we intend to make the lot and efficiency of the public service better and not make Public Servants feel that, once we have given them a salary increase and repaid the 8 per cent we wash our hands of them until the next time we have salaries negotiations. We are looking at the overall development and the future needs of the civil service as we perceive them years ahead, sometime into the future. Cabinet would have agreed in April 1999 to set up a Committee to develop a draft policies framework for the creation of a Public Service Act.

A Public Service Act was promised in our Manifestoes over the last two elections and we have taken steps to do this. The Committee is headed by the Head of the Civil Service, Mr. Erskine Griffith, and there are many people from the public service and the private sector. For example there is the Division Manager of the Human Resources Department of BARTEL, the General Secretary of CTUSAB, a representative from NUPW, a representative from the UWI and a representative from CARICAD. They started on 31st May 1999 and several meetings have been held including four town meetings across Barbados: in Bridgetown, St. Peter, St. Philip and St. Michael.

The objective of these meetings was to get the general public's input into: how they see the public service, how they feel about it and how they can make it better and more responsive to their needs and more efficient in providing services to them as an arm of Government which is funded out of their own taxpayers' money. This Committee has been mandated to provide the legal framework in which a Consumers Act can operate.

This Committee is expected to provide the draft of that policy framework by February 15. They were supposed to have done it by the end of December 1999 but while most of the work is completed, they have asked for additional time to study it and consult other persons so that when they present their draft policy framework, it would not be the work of just

the Committee, but that as much as possible there would have been feedback and injections into it by the general society. Therefore, that deadline has been extended until February 15, 2000 and every indication is that they will meet that deadline.

Sir, we feel that we have done a great deal to restore pride, dignity and morale to the Public Service of Barbados. Those are the intangible factors we sought to enhance. We have also done the more tangible, practical bread and butter things like granting increases in salaries and productivity bonuses. We have upgraded the status of 5 000 public workers giving them security of tenure. These people are cleaners, maids, general workers, security guards and assistant supervisors in School Meals. A whole range of people have benefited from the step by the Government in which we have abolished the category of "casual workers" and made them public officers, giving them the same status as any other public officer in Barbados. So that when they have to go to the Embassy to get a visa or to a store to get hire purchase, when they see "casual" written on a job letter, it does not mean that they are of inferior status to others in the Public Service and they are in a more tenuous situation therefore they are more likely to be extended the courtesies or benefits which other persons who had been public officers before would have enjoyed.

12.10 p.m.

We have instituted a programme of public sector reform to make the Public Service better. We have also sought on a more legal step, which is the substance of this Act, to repay the Public Servants that eight per cent which had been taken away from them between October 1991 and March 1993, and by doing so we sought to bring some balance and equity back to the system. We felt that we had paid a debt which the society owed to Barbados. We did not enter this lightly.

We never sought to make grand promises in 1994 that we would repay them within 14 or 15 days of our coming into office. We first realized that we had to get the economy back in shape where it would sustain such a position. Having done so, we gave our word that once we were convinced that we were on the path of sustained economic performance in a positive light that the society could afford to pay it back, we would repay it over a period of time in a phased manner when the society could afford it and in a manner where the society could absorb the injection of the repayment without causing any unnecessary ripples on the economic scene.

We are very cognizant that while we have made significant economic strides in the last five years or so, we are still not yet out of the wood given all the unknown quantities and all the things seen and unseen and the difficulties, the challenges that we will have to confront with

the ramification of globalisation and liberalisation and the World Trade Organisation (WTO). Therefore, we have to make provision for this repayment to our Public Servants in a way that will not make us vulnerable or even more vulnerable. We are already a small open economy as we are often described and we should not do anything to make ourselves even more vulnerable than we necessarily should be and we should not therefore expose ourselves to any unnecessary risks.

These are the circumstances and we see it as an act of responsibility on the part of Government to have treated it in such a way. We see it as an act of morality having decided to restore the eight per cent which when taken away, many thought they would not see the likes of again. Some people thought it was a lost cause or a dead issue; they did not want it; it happened; and I wash my hands of it and move on.

We felt that once we could afford it, we had an obligation to keep our word. I am proud to be part of a Government that has kept its word in this regard as it applies to Public Servants and as it has done so many times in national life.

Therefore, Sir, I am sure that this measure will also meet the full support of this Chamber. We see it as closing a book on a chapter of Barbadian national life which many would seek to forget. We would like to help them to forget it, Sir, but in doing so we would like to help them forget it not just in painful memories of the extraction of the money but in a kind of palliative – to assuage their wounds by restoring the eight per cent over a period of time in a manner in which they can invest, if they choose to – which I would advise them to – for the long-term benefit. So that when the memories of the eight per cent might have receded from their minds they would see and still have to enjoy the benefits of an investment and it would also mean that they can have an heirloom which they can pass on to their descendants.

Therefore, this act of Government in the restoration of the eight per cent, if handled wisely and responsibly and if invested properly could help pave the way for a whole new generation and a whole new culture and attitude of saving and investment which can only inure to the long-term benefit of all Barbadians.

It is in that spirit, Sir, and with those words that I seek to commend this measure to the Chamber and beg to move that this Bill be read a second time.

SENATOR C. A. MASCOLL: Mr. President, the repayment of the eight per cent should be done without the extraction of any taxes. It has nothing to do with debates on whether it is income or whether it is a debt that has to be paid interest. It has to do with the fact that Government cannot apply a tax rate to any income that it is seeking to repay an individual worker in the Public Service.

The eight per cent cut took effect in October of 1991 and ended in March of 1993. It, therefore, means that period would have straddled three income years and it therefore means that in each of those income years there would have been a different tax system in vogue. The income that was taken in 1991 for a three-month period would have been taxed at the existing taxation system in that income year.

As of July 1992, there was the beginning of the reform of the direct tax systems in Barbados. This reform was a phased reform, such that in July 1992 measures were announced to reduce the top marginal tax rate from 50 to 40 per cent. There was the elimination of most itemised allowances and deductions. There was the withdrawal of exemptions for pension income but taxpayers over 60 years may claim a deduction of \$20 000. There was the imposition of a 12.5 per cent withholding tax on interest along with a 12.5 per cent final tax on dividends. There was an increase in the corporation tax rate from 35 per cent to 40 per cent and another measure relating to property tax, such that for those last three months of 1991 there was a change in the tax system of both the rate and the itemised allowances.

This phased reform continued and as of January 1, 1993, there was the elimination of the individual stabilisation tax. There was the introduction of the dependent spouse allowance of \$3 000 which became effective in the year 1995. There were two rates of income tax introduced on income between \$13 000 and \$37 000 per annum, the rate of 25 percent and 40 per cent. Then levies were eliminated in two stages in January 1, 1993 and January 1, 1994.

The reason why I am saying that Government cannot tax the repayment, as I have said, has nothing to do with law but to do with the fact that Government is not in a position to determine what a person's effective tax rate would have been for those three fiscal or income periods.
12.20 p.m.

The reason why the Democratic Labour Party could have said in 1994 that there could be repayment in a two-week period had to do with the fact that a lot of these issues were discussed and analysed to the extent where it was known that it would be impossible almost to tax income taken from an individual civil servant.

I will now elaborate on that. When the 8 per cent tax was made, it was taxed on the gross income, so that if you had two individuals earning \$2 000 per month in Government, and you executed a 8 per cent cut, it would translate to a loss of gross income of about \$160 for that particular month, but if you have two individuals who have equal gross income but have completely different family structures with children, or spouse, or might have had completely different circumstances where one might have had a much bigger income, a mortgage, or might have been in the process of repairing their homes or might have had a

covenant, I am saying to you that two individuals with equal gross income in Government would have paid completely different effective marginal taxation, because when you submit your Income Tax form, you submit your gross income and then submit all of the allowances and deductions that you made. It is on your taxable income that the rate is then applied.

Beyond the discussion surrounding the 8 per cent, and who is to get what, I am saying that each and every civil servant of the day would have been taxed according to their taxable income and that could only be determined by the set of allowances and deductions which that person would have been entitled to at that particular point in time.

In effect, you need to go back to Income Tax year 1991 and apply the taxable income to determine what precisely that person is entitled to. Then you need to do your Income Tax Form for the entire 1992 income period from January to December based on the allowances and deductions that were permitted for that income year, then for the first three months of 1993, you also then have to do an assessment of the person's taxable income for that one quarter of the year.

This measure is an extremely complicated measure. In fact, every individual civil servant who was affected by the 8 per cent cut is going to be in a position, if they do not know, to fully analyse and assess what their true return should be based on a whole array of complex matters relating to the allowance system that prevailed in addition to the deductions they were entitled to over the three income years.

In short, I am saying that Government therefore will not be in a position to simply apply a marginal tax rate of 25 per cent or 40 per cent, or 30 per cent on the gross income that they are supposed to be returning to the individual worker, but that they can only apply the marginal tax rate on taxable income. Therefore, before that can be arrived at, Government has to know what the allowances and deductions of each and every individual would be for those three different income years so that complicates the matter considerably. It is on that basis and that basis alone that I am saying that Government will not be, and cannot be in a position to apply taxes to the repayment of the 8 per cent.

I am not here to make any political statement about whether the income is for the fiscal years 1991, 1992 or the income year as opposed to 1999. I am simply saying that Government will not be, and cannot be, if I understand Government, in a position to tax anybody's income for any income year furthermore for the years 1991, 1992 and 1993. That alone makes a case for Government not even attempting.

The other point is that we all know that there were all kind of boasts all over the 1980s and 1990s that what we

were in essence doing was attempting to ease the work of the Inland Revenue Department. We were told on some occasions not to submit any Income Tax Forms once you earned less than \$13 000 or \$15 000.

I do not know how Government is going to be in a position to be even able to begin to assess people for tax purposes for those three income years. It is an extremely difficult task. In fact, even if Government pretends that it can repay the first tranche at March, because it is only a pretence, there is no way that you can repay any 8 per cent by the end of the year. It does not make sense, and even now as I speak, I cannot see Government being in a position to repay, that is, adequately and appropriately, the 8 per cent in its first tranche. It cannot be in such a position. It is impossible for Government to be in a position to truly repay the 8 per cent cut if it is going to take taxes out of the 8 per cent return. That is the first line of discussion.

The other point is this. Even if you are going to repay the first tranche, since it was an 18-month period over which you cut the salary and since we have established that the first three months applied to income year 1991, let us assume that Government is going to make a repayment in three tranches for the first six months, the next six months, and then the last six months over the 18-month period, it therefore means that the first tranche for the first six months' period would be affected by the Income Tax year of 1991 as well as the Income Tax year of 1992 because the cut was made in October of 1991 to December 1991. That is the first three months. Then the next three months would be January to March of 1992; where a different tax system would apply for the first three months of 1992 so that further complicates matters. It gets even more complicated than that, Sir.
12.30 p.m.

The whole question of cost, I have no doubt, because it was easy to see what is happening in Barbados ever since early last year. Here was a Government boasting of having principles, boasting of never having cut any person's income and a Government which in 1995 established the principle that it would only borrow on the foreign market to the extent of its repayment for that given year. That principle was broken in 1999 when they went to the Trinidad market and borrowed \$150 million. According to the principle established by the Government, they should have been borrowing only \$105 million for the fiscal year: so I knew that something was wrong. It was easy to determine.

Now we have a situation in which we are going to increase the savings bonds. I know that something is further wrong but that debate is to come. I knew that something was wrong ever since because in June of 1994 the amount of people employed in the public service was 20 000 persons.

In June of 1994, we had a contraction in the level of employment in the public service? There has now been a return to the glory days and we have as much as 26 000 people now employed in the public service of Barbados. Again, it does not take much to understand why we are having difficulties now because the windfall which came from the Value Added Tax was not used in a typical Caribbean way prior to an election where a government would get involved in a capital works programme, the building of large buildings or the repairs of roads or any such capital works to show what was happening. What happened in the post-1997 period, after we came across an abundance of revenue, was the return of considerable number of people to employment in the public sector.

While a capital works programme is a one-off situation when you re-employ people in the service to the extent that it has been done, it becomes a recurring cost to Government. As a consequence, we were told that there was no excessive expenditure on the part of Government for political gain in the last election but it was done the other way, by way of direct employment within the public service which is now, as I said, a recurring cost to Government and therefore would obviously create problems in the future. The greater problem there, is that with the obvious contraction in the Barbados economy and the reduction in the level of expenditure, there will be a contraction in the Value Added Tax collected by Government. Therefore we are saying that the government pandered to the suggestion of the International Monetary Fund at the end of 1999.

The International Monetary Fund brought a team to Barbados in August of 1999 under Article 4 to review the performance of the Barbados economy. In that document that became public at the end of 1999 the International Monetary Fund recommended that the repayment of the 8 per cent be done over three fiscal periods. Before there was any International Monetary Fund assessment of the economy there was no discussion about three repayment periods. After the document was made public and the IMF recommended that instead of repaying the 8 per cent in one tranche, that we do it over three fiscal years, the Government acceded to the request of the IMF. So let us not again pretend that the IMF is not part of the affairs of Barbados when we are in fact skillfully accepting the policies of the IMF as was suggested in that document that reviewed the Barbados economy in the year 1999.

Let us not pretend that the IMF is not on these shores when the Barbados Government is skillfully utilising the concept of allowing land to find its own value as suggested by the International Monetary Fund so that we are seeing the downplay of the Town and Country Planning and we have seen the up-play of the principle of allowing resources to find the best economic use. This is precisely what is happening now in the affairs of the management of the Barbados economy as I speak.

There is an abundance of evidence that things are not what they seem in the economic affairs of Barbados as I speak, and this 8 per cent repayment in fact does indicate that there is trouble in the fiscal affairs of Government. I am saying that sooner rather than later we will be debating that increase in the provisions for savings bonds which is an alternative source of financing Government's fiscal deficit rather than the use of what we call the Ways and Means account at the Central Bank of Barbados as further evidence of complication in the affairs of Government. These things will not take effect immediately. The fact that we are under economic pressure will not be seen immediately, so that even when you make all kinds of soundings about what is happening you are told all kinds of stories.

I well recall indicating in a programme attended by Senator Barker on the *Voice of Barbados* that the foreign reserves of Barbados are under considerable pressure and that we have never lost more than \$5 million in the fourth quarter of a year in foreign reserves in the history of Barbados since we had a Central Bank. It occurred in the fourth quarter of 1998 and I was told all kinds of things by Senator Barker, who is unfortunately ill, and others that that is nothing to worry about. What we have seen in 1999 is all kinds of attempts to protect the same foreign reserves that I identified as far back as 1998 as being under pressure.

We have seen the increase in interest rates to stop the expansion of private sector activity. We have seen, as I said, Government cutting expenditure in the capital works programmes. We have seen an increase twice in the cost of gas which affects electricity after the magical reduction of gasoline prices just prior to January 20, 1999 when it was obvious to all that there was no way that the down trend in world oil prices would be permanent given that they had reached rock bottom. Since then we have seen two subsequent increases in gasoline prices in Barbados. It does not surprise me that there is a mad rush. I have said repeatedly that the public servants deserve part of the increased pie that was occasioned as a result of the measures of the early 1990s. We should not have any discussion as to the efficacy of the 8% cut in the early 1990s because there is substantial evidence to show that Barbados, in fact, had performed exceedingly well as a result of those measures taken in the early 1990s. This Administration has benefited substantially, having altered not even one measure with the exception of the re-introduction of the \$3 500 total allowance for mortgage and house repairs, that is the only measure that was returned and it was a political stunt as well.

12.40 p.m.

Asides.

SENATOR C. A. MASCOLL: It was a political stunt because instead of allowing mortgage deduction on house repairs in 1995, we gave back a lump sum allowance which included the kitchen sink, \$1 067 to \$3 500 for the itemised items that were removed in the early 1990s. Sir, that is how

it is; a very complicated measure – the 8 per cent cut being politicised without an understanding of the complex issues involved in this measure. It has nothing to do with returning your gross income. This has all to do with understanding that you can only impose a tax on taxable income and that taxable income is gross assessable income minus allowances and deductions.

As I have said before, two individuals of equal salaries in Government who experienced the same 8% cut would have had completely different marginal tax rates and paid different tax liabilities. Until you can know that, you cannot impose a tax on the 8%. Therefore, I am saying to you that it is impossible for you to impose a tax in the absence of that knowledge. That is the reason and the only good reason that can be advanced from any side of this debate as to why Government should not impose taxation. It does not have anything to do with these emotional and emotive appeals about whether income is income or if it is a debt, or whether the income was earned in 1991 or 1999. It has to do with the fact that Government cannot know what to apply to an individual in the Civil Service as far as it relates to a tax rate. You can apply a marginal tax rate but you have to apply it on taxable income, not gross income. That is the essence of the debate in the repayment of the 8 per cent cut.

All of this pretty 'highfalutin' talk about whether it is debt and, therefore, if it is debt it is subject to an interest is foolish talk and it does not matter.

Asides.

SENATOR C. A. MASCOLL: It is foolish talk. All of the discussions surrounding whether it is interest earned in 1991 or 1999 and, therefore, should be taxed in 1999 is foolish talk and does not matter. I am saying that it has to do with sensible debate surrounding what the issues in this case really are. These issues are not related to that sort of thing. Come and explain to the people of Barbados precisely what should happen.

Asides.

Mr. PRESIDENT: Order, order, please.

SENATOR C. A. MASCOLL: Mr. President, I do not wish for the issues to be lost in this debate because I am extremely serious. Government must tell the civil servants – in fact, I have invited all civil servants to make sure that even if they are given income at the end of March 2000 that they have to be in a position where they can truly assess whether they have been treated fairly or unfairly. This is a major bone of contention, a major point of argument and reference in this debate. There is no other issue in this debate on the repayment of the 8% cut.

The question of a savings bond is foolishness as well. It is absolute rubbish. It is even more rubbish now that you have decided to repay in three tranches. It is madness.

The other thing is this. Even if you give me back my 8% cut and my 8% cut worked out at \$823.31, are you going to give me a savings bond for \$823.31? That is complication to the hilt. It means that you will have to find a savings bond for every civil servant because savings bonds are not denominated in specific values like that. You have still to use a savings bond in combination with a cheque.

Asides.

SENATOR C. A. MASCOLL: It cannot be nit-picking because the whole question of this debate was about the complexity of it. There is even more complexity because if you have \$823.31 to give me back you cannot give me a specific bond for that. It would not happen, so you still have to complicate the issue by giving me a \$500-bond perhaps and then the remainder in cheque and that complicates the thing even further. March 2000 is a joke when it comes to payment. Then it further complicates the issue of taxation.

Asides.

SENATOR C. A. MASCOLL: It is further complication. In any case, why would I wish in Barbados today, as a civil servant, to get back \$500 this year, \$500 next year and then \$500 the following year and over that period to treat it as a savings bond? That cannot be comprehended. It does not make sense at all. \$500 to put in a savings bond? \$500 is only a pair of Bally shoes because the poor people in Barbados do not dress soft.

Asides.

SENATOR C. A. MASCOLL: They are entitled and you must know it. It does not make sense buying a pair of inexpensive shoes when you could buy a pair of expensive shoes that will last long. This must be a factor that you must be able to understand in Barbados. That you cannot distinguish between poor and rich on the basis of clothing because poor people are extremely proud when it comes to outfitting themselves. The \$500 cannot even buy a pair of Bally shoes.

Asides.

SENATOR C. A. MASCOLL: The hardest gear in Barbados is worn by those who can least afford it. It does not make sense to even go that route. I do not understand at all this whole debate. What I understand the debate to be, is that this is a Government under pressure to find finances to deal with this issue of the 8% cut.

I think Senator Murray said it; that perhaps this was a case of a Government having made a decision to legitimately cut public servants' salaries with the understanding that once things are good that they will be entitled to a share of the pie.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, on a point of order. I hate to interrupt the Honourable Member although it will give him a chance to gather his thoughts. Sir, I did not say what the Honourable Member said. I never implied that the Government over there, when it cut salaries, did so with the intention of repaying when things got better. I said that this Government which is repaying it, always said that when things got better it would repay.

SENATOR C. A. MASCOLL: Mr. President, I am saying that the Other Side promised the 8 per cent repayment based on the fact that the Government of the day promised the 8% repayment and it was tantamount to the whole revisiting or back-raising.

Asides.

Mr. PRESIDENT: Order, please.

SENATOR C. A. MASCOLL: There was no discussion and I can tell because it should not have taken this Administration so long to repay if that decision to repay was genuine, on the basis of affordability to pay. This is an Administration that introduced a Value Added Tax system in 1997 that was able to earn in excess of \$200 million more than it anticipated from the introduction of VAT.
12.50 p.m.

If they were genuine about the public servants being repaid, that was the time to utilize the excess funds from Value Added Tax. Even if you wanted to say that you could put the \$60 million back one time, at least you had a windfall of income in the fiscal period 1997-1998 and beyond to be able to give them back something. If you had genuinely assessed this issue surrounding the repayment of the 8 per cent, you would have known the complexity of this 8 per cent cut.

Therefore, I am saying that, as I speak now, this Administration cannot even convince me, and I know they cannot convince other people, that they can make any reasonable repayment. Sir, they can rush to repay by March 2000, but they cannot make any reasonable repayment based on the arguments that I have made. The only way it can be done to simplify this whole question and to make it fair to the Public Servants, is by not imposing taxes on the repayment. The Government is in no position to know what taxes to apply because the Government does not know what is the taxable income of each and every individual. That point has to be made because it is the only critical point in

this whole debate and all the other points are moot points. They are just appealing to political satisfaction. This debate is about two simple things: the capacity to repay and the ability to impose a tax on taxable income.

Mr. President, I saw the Honourable Acting Leader of the Senate attempting to prolong this debate, to deny me this opportunity to speak this morning.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, on a point of order. The Honourable Member is attributing ulterior motives to me which are quite beneath me and quite incorrect.

Mr. PRESIDENT: I did not take it as a serious comment. I think the fact that the Honourable Acting Leader of the Senate was of the view that you were using disparaging comments about him, I would ask you to withdraw.

SENATOR C. A. MASCOLL: Mr. President, I withdraw the remarks but I took note of the discussion on the regrading exercise. I took note on the discussion on public sector reform, the attempt to prove that the public sector workers have been treated most fairly since 1994 but I also know that public sector workers as I speak, are worse off than they were a year ago and I will demonstrate that.

I will demonstrate that food costs in Barbados have increased considerably. I would demonstrate that the permanent worker in the public sector has been called upon to pay an additional tax when there was a transfer of the unemployment levy to the NIS. I have addressed this Chamber before that the permanent worker in the public service does not pay unemployment and therefore when there was a transfer of the unemployment levy to the NIS that constituted an immediate increase in his tax liability. I will demonstrate that public servants in Barbados who have mortgages and were called upon recently to increase the mortgage interest rate by one percentage point and therefore increased their mortgage monthly payments, are no better off than they were a year ago. I will demonstrate that the increases in gasoline prices have translated into an increase in cost of travel to the average Barbadian, including the public servant. I will demonstrate that there has been an increase in the electricity costs in Barbados resulting from the increase in the fuel oil as well. Furthermore, I can demonstrate that public servants have been called upon to pay increased land taxes in Barbados. I can demonstrate that the increased property taxes have reduced the disposable incomes of public sector workers in Barbados.

Sir, I am therefore saying on that simple account which I have not exhausted that a public sector worker, one year later is not as well off as he was in 1999. The evidence is there in abundance to show that the Government now is under pressure and we will begin to see things unfolding in

the year 2000. We will start to see the pressure being felt where it hurts most, in the pockets of the average worker of Barbados which obviously includes the public sector worker.

This repayment of the 8 per cent can only be described, whether it was done by DLP or BLP Administration as laudable, but it is attended by many factors that have not been fully understood by this Administration. Rather than understand the factors and reach the conclusion that it is impossible to impose a tax on a civil servant in the absence of knowing his taxable income, the Government has decided to go the route of the IMF and repay the 8 per cent over a three-year period. This therefore means that it will be repaid in three instalments.

Asides.

SENATOR C. A. MASCOLL: I am saying that it comes as a recommendation out of the IMF document which must have been read by all Senators. Article 4 consultations of August of 1999, the IMF made recommendations...

Asides.

SENATOR C. A. MASCOLL: This is available to the Press, that the IMF made recommendation to repay the 8 per cent in three instalments. That is known so it does not make sense; but then again, you cannot beat this Administration for public relations. You cannot beat this Administration for camouflaging.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, on a point of order, Sir, the Honourable Senator is making very strong, and I would almost say, wild assertions. Sir, I disavow any knowledge of recommendations by the IMF but even so, the IMF could only recommend, they cannot impose. It is not a structural adjustment programme. There is no fixed crowd in Barbados telling us when to go to the bathroom and when to turn off the lights and when to start the car about which the Honourable Senator thinks he is very, very familiar.

Mr. PRESIDENT: No point of order. Please proceed Senator.

SENATOR C. A. MASCOLL: Mr. President, the then representative who sat in some chair at the Ministry of Finance was a glorified clerk. He is a man sent here to keep watch. He was not any big official. Anybody that can be away from an organization for two to three years cannot be a big member of an organization. You do not send big boys to a country to sit down.

Asides.

SENATOR C. A. MASCOLL: Mr. President, this is a very critical debate. I am sending a warning to the Government that they cannot seek to impose anything on the civil servant without his full knowledge. The civil servant is entitled to know precisely of the Government if it intends to tax the repayment of the 8 per cent, precisely how the Government was able to do so, and I am saying that given my knowledge of the income tax system in Barbados they cannot do that without knowing each and every individual's taxable income. That is the point of the debate that has to be understood by all and sundry in this discussion over the repayment of the 8 per cent. It is complicated in summary by the fact that the 18 months' period was able to straddle three different income periods and at that point in time, in July of 1992 there was a dramatic change in the income tax system which further complicates this whole question of the repayment of the 8 per cent.

I am also saying that it is obvious to me that that Government – from the time it increased its foreign borrowings, now that it wants to increase its savings bonds at the Central Bank, which is just an alternative to the ways and means – is under critical pressure and therefore finds it difficult to afford to repay the civil servants, but is seeking to stretch this repayment over a three-year period.
1.00 p.m.

When you look at this whole debate, it is a question of "yes" there in fairness of the repayment and obviously the Public Servants are deserving of it, because in the stabilisation programme so far, the Government has benefited substantially from the introduction of the Value Added Tax (VAT) which has yielded well over \$400 million more than anticipated over the two to three-year period.

The private sector, particularly those located at the higher end, has been able to earn increased levels of profitability, but the workers of Barbados cannot be said to be any better off five years later because there is no substantial evidence of it. There have been the introduction and the maintenance of an income protocol to put a lid on income. They have not been allowed, as was promised, any increased earnings or any increase in shares in the private sector as was supposed to be one condition of the stabilisation programme in the 1990s. Therefore, when all is said and done – as is the case in the United States of America's economy – the so-called growth has been attended by an increased worsening of the income distribution which is now even more in favour of the higher end of the market.

In Barbados, as I speak, we can see similar evidence of that where the abundance of buildings on the West Coast and the abundance of real estate in Barbados which is not being transmitted to the lower echelons of the society, is an

immediate indicator that in fact there has been a worsening in income distribution in Barbados.

I must admit that both Sides agreed to the repayment but on the basis of structure and form, the Government has again failed in doing what should be done in the interest of the average working class person, particularly the Public Servants.

I thank you.

SUSPENSION OF SITTING

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I beg to move that this Sitting be suspended until 2.10 p.m. today.

The question that the Sitting do now suspend until 2.10 p.m. today was put to the Senate and agreed to. Mr. PRESIDENT suspended the Sitting accordingly.
1.05 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR J. E. D. WILLIAMS: I believe that this measure before us today brings hopefully to an end a very sad and painful experience in the history of this country. I was a little taken aback by some of the comments made by Senator Mascoll when he suggested that this measure only has to do with whether taxes should be taken out of the 8 per cent and whether Government is in a position to take out taxes in the first place. We found ourselves in that very position simply because people, some now and certainly those who were in office at the time, failed to recognise what the root of the problem was.

It suits the Opposition to speak to the period of 1991 and onwards but the problem that was addressed by the Government at the time through the reduction of the emoluments of the Civil Servants did not start in 1991. The painful thing about it is that the whole thing could have been avoided and should have been avoided if the then Government was prepared to do the right thing at the right time. For example, it was not a case of where they were not told in good time what loomed ahead if they continued on the path that they were taking.

I want to refresh our memories about some of the things that took place. Senator Mascoll speaks to the whole question of good fiscal discipline, something, of course, which could not have been ascribed as a characteristic of the previous Administration.

The information reaching Government as far back as 1989 suggested that the path they were taking was one that

was putting tremendous pressure on the foreign reserves of the country. They were given the advice and the prescriptions by all the institutions in this country including the trade unions, the economists and all well-meaning Barbadians but none was taken and none was accepted.

I speak to the issue of fiscal discipline because you had the situation where between one time period and another, the Government gave credit to itself by moving the credit limit from \$262.5 million to \$499 million just before an election. The Civil Servants and Barbadians, but not to the same degree, all went through a difficult period. However, that kind of credit lending took place to allow the then Prime Minister who when asked whether or not he would take the kind of measures necessary, in the interest of the country, said that he would have done nothing to commit political suicide because he knew that he was moving into an election. That was around 1990.

By 1991, with all of that money creating significant pressure on the foreign reserves and while the Government was at that point in time offering credit to itself of that magnitude, the private sector on the other hand was asked to be disciplined in terms of their fiscal operations. So the credit to the private sector was going down while at the same time Government was not taking for itself the same medicine that was prescribed for the private sector but were making money available in order to win an election.

I recall the then Prime Minister attempting to trivialize the whole question of economics. At one point in time he said that economics was nothing more than a housewife budgeting and balancing a few bills and so on. It is that kind of attitude and approach in the management of the affairs of the country that eventually led us to where we have reached. Therefore, for their part it all began in 1991.

Mr. President, Senator Trotman in his contribution in the Other Place, made the point that the stage at which the country found itself had nothing to do with the poor people out there. He did not go on to draw the conclusion that I am drawing, and I do not want to ascribe anything, but I am saying that the conclusion that I would have drawn from that statement is that the blame should have been fairly and squarely placed at the feet of the then Government. They brought the country to where it was, but then again, you can trivialize economics because it is not a big thing and anybody can do it, you were so made to believe.

Therefore, what we really had leading up to 1991 was the whole question of the haemorrhaging of our foreign reserves. Unfortunately, the group that was called upon to carry the largest burden which could have been avoided was the poor Public Servants.
2.20 p.m.

Even back then when the matter was debated, the union was prepared to advance other options to the then Government, options that they could take then and in the future in order to redress what was going to be inflicted on the Civil Servants, but the Government had absolutely no faith in the future because the suggestion of the issuance of bonds went unnoticed.

The Government at the time could have decided to have bonds redeemable in ten years but as far as the Government was concerned the only comments that emanated from some of the membership at the time were that if they had to do it, they would do it again. I wonder how they can really come and speak to this issue.

I saw Senator Mascoll today struggling to reach a basic level of conviction that even a seven-year-old would accept. No wonder for him the Bill only had to do with whether the eight per cent should attract Income Tax or whether Government is, indeed, in a position to take it out effectively.

The Government of that day had no faith in its own prescriptions because I believe if the Civil Servants at the time were offered the opportunity to take bonds in lieu of the reduction they probably would have gone for it.

It was interesting as well, Mr. President, that when the then Prime Minister Sandiford introduced the measure, he made absolutely no reference to repaying it down the road. I am surprised today to hear Senator Mascoll alluding to the fact that there was this promise. It might have been a promise in some very small circles and something only known to them but to the rest of the community there was never ever any commitment to repay.

Quite frankly, the direction the Government was taking at the time was one, and as you would recall, Mr. President, that the Minister of Finance in 1994, the then Minister Thompson, in his Budget presentation alluded to the fact that the then Government was contemplating moving from a standby arrangement to an enhanced surveillance programme which would have been even more draconian than the Standby Programme.

Any thought or any possibility of the public service getting back that money that would never ever have happened under that Administration. I will tell you, Mr. President, why in the case of Senator Mascoll it is, to me, so painful for him to speak to the issue. That was a period in the history of this country when people lost their houses. There was not even an attempt by the Government of the day to simply try to ease the ever tax burdens on the people. Knowing full well that they were reducing their money by eight per cent there could have been other arrangements to ease the tax burden but they took away all the other tax

allowances and so on to the extent that it impacted the way it did on Barbadians. There were people who lost their houses.

I knew one person who lost his house and every time he speaks to me he relives it over and over again. I will tell you something, Mr. President. By 1994 it had plagued the people, particularly the Civil Servants, to a level that as far as they were concerned they wanted to see the backs of the Democratic Labour Party.

Mr. President, you know what happened? Between 1994 and 1999 it continued to sink in even more and what people saw over that nine-year period, they not only repeated 1994 but they repeated it at a level and magnitude that we all witnessed as the outcome of that election.

There is a saying that Barbadians have short memories but I believe it is going to take decades for Barbadians to forget, particularly the Civil Servants, what happened to them because if a person has lost his or her house, that is an experience that is etched on their memory. It might surprise some people but it would not surprise me if in five years' time people still would not have forgotten because what the Democratic Labour Party did to the people of Barbados and in particular the Civil Servants, was wrong. The thing was the way they did it.

You would also recall, Mr. President, that just before the introduction of that measure they all gave themselves 11 per cent increase in wages because they knew what was coming down the pipeline so for them it was not a loss of anything. They had a net gain of three per cent. While the poor civil servant had a loss of eight per cent, they had over a net gain of three per cent. All of that took place and we hear people coming in here grandstanding about paying back, and they deserve not to take out the taxes, it is difficult to take out between time period 1 and time period 2, year 1 and year 2, all platitudes.

The fact remains, what was inflicted on this country could have been avoided. It tells you that the things that you do often come back to haunt you. I hope that we would have been through a period in our life and in our history that will never ever be repeated.

I hope that Senator Mascoll understands the true import of fiscal discipline and fiscal prudence. It tells us that we cannot just do things simply because we do not want to commit political suicide, or lose a government, so we will do things that are expedient and convenient to ourselves and then expect another part of the society, and in this case unfortunately the whole society, to carry the burden of our irresponsibility.

I certainly, like Senator Murray, hope that the civil servants wherever possible seek to use those monies in the most productive ways. I know Barbadians are a very thrifty people. I hope they will make use of the instruments that are coming on stream.

I certainly, Mr. President, have absolutely no difficulty in supporting this measure. I thank you.
2.30 p.m.

SENATOR C. LeR. TROTMAN: Mr. President, Sir, I should like, as the Leader of Government Business in the Senate did, to crave your indulgence to express, though it is late, the compliments of the season to you, Sir, and to my Senator colleagues who are in this Honourable Chamber. I would wish at the same time to indicate to you that it is my wish to comment on the Bill before us. I would want us to take note of some comments which were made by the Leader of Government Business.

I do not quote him, but I make reference to the comment which he made in his presentation regarding the upcoming job evaluation exercise which the Government will be having. If I am hearing him speak correctly, what I am understanding from him is that Government has agreed on the methodology to be used in the job evaluation exercise. I would wish, Sir, to say and to have it clearly understood that I have a difficulty with that, if I am hearing correctly, because it would seem to me as though the Government, in this case, the employer, had made up its mind regarding the job evaluation exercise methodology. As far as I am aware, all of the history and all of the practice and all of the priorities in this matter would demand that where a job evaluation system is going to be conducted, especially in an arrangement when there are going to be representative organisations, there must be discussions with those relevant representative organisations who would meet, discuss and agree on the methodology before the exercise is determined, and even before we have full agreement on whom that major consultant may be in some instances.

I should like to believe that we would have the opportunity since we have a commitment as a country to social dialogue, as we move into the twenty-first century very shortly, to make social dialogue not merely a word or a theme or words that are mouthed, but a reality. A fundamental part of this will have to be that any job evaluation exercise though very much to be desired will be one where the parties will discuss the merits on the one side or the one methodology versus the other.

Having said that, Sir, let me indicate to you that almost ten years ago as my colleague, Senator Williams indicated, in Another Place I stood and opposed the reduction of the 8 per cent as it was taking place. Today, Sir, by your leave, I stand here and I should be able without comment to agree with the restoration, but to do so with what is before us

would be to deny my constituents their opportunity through me to express their concerns.

It may be that we have either by redefinition or by administrative flexibility to relook precisely what we are doing if we are going to be able to bring satisfaction and a sense of fairness to those Public Servants whose interest I am pleased to say we are endeavouring to represent.

I wish to compliment the Government for what they are endeavouring to do. I will say more to this later on when I speak regarding how the Government has gone about it. We have had one or two positions and the labour movement was concerned even though we had failed at the level of the Privy Council in one case. You, Mr. President, may know, and my other colleagues like you, would not mind my saying that we were approaching the courts in Barbados with a completely new case and everybody was satisfied that we would win that new case using the Central Bank as an example. We had an indication that if we did win there would be a commitment that everybody would be treated within the class in the same way.

Government took the very bold position and I agree with it not to have that kind of arrangement but of its own free will to make a commitment to the workforce to restore. For that reason, I think we have to look again at what the Leader of Government Business has said.

He has said, and properly said, that people in Barbados do not in every instance have short memories. I am sure that that is a fair comment and I believe that the people of Barbados will recall the strong denunciation that there was against the Government for taking out the 8 per cent. As Senator Williams has said, the punishment that was meted out which was in part due and I do not think it was totally due and we should not believe that it was and will continue to be the only reason, due to the pulling out of that money.

The public will equally well recall the commitment which was made by the Barbados Labour Party that on becoming the Government it would restore that 8 per cent. It was a statement made and repeated and the Leader of Government Business today is absolutely right that it was not a mere empty commitment. The Government went further and changed the Constitution to ensure not only that it was being seen to be interested in conducting its business, but that it was making sure that it could not happen again.

That was noble. I salute the Government for it. The Government went beyond that and it undertook to negotiate the restoration mechanisms with the social partners. Page 24 of the Manifesto of the Barbados Labour Party says:

"In recognition of the unique burden shouldered by the Public Servants in carrying the brunt of the economic adjustment in the early 1990's, we will fully restore the loss of earnings to all Public Servants on terms to be negotiated and agreed with the social partners."

I think it is apposite for me at this point to get the help of the Oxford dictionary in understanding what "restore" means. My understanding is that "restoration" is the act of restoring to a former state or position. Oxford gives the same word sometimes. In another point, Oxford says it is the action or process of restoring something to an unimpaired or perfect condition. The verb itself means to give back; to make return or restitution. So I am understanding that the Government of Barbados, before it became the Government, and since it was the Government made a solemn commitment to restore to the former state the levels of the earnings of Public Servants that were so badly damaged and ravished by the holocaust of the 1991 period.

The Barbados Labour Party went further in language totally tautologous but deliberately said so and said that it would fully restore. "Restore" in itself does not need qualification but the Manifesto said that it would restore not in part but fully.

Now we have a situation where we have to be able to understand whether what the Government is doing and what the Government committed itself to are one and the same thing. I do not ascribe malice but I believe that without wanting to do any harm, the Government needs to review its position and to ask whether it is keeping faith with the social partners at two levels. One is that this document says it is going to be done through the mechanism of negotiation with the social partners. I happen to be part of that exercise of establishing a social partnership. I would wish to say, Mr. President, that I am not part of any determined negotiations to have the restoration of the 8 per cent. I am part of a discussion that was started. I am a part of a discussion that was in continuation in December. I am in possession of correspondence where we are still asking to meet to discuss the parameter involved in this exercise but I am not part of any understanding as to what is the restoration mechanism. 2.40 p.m.

I know there is a possibility for people to go ahead and to say that there has been a difficulty between unions and I believe that somewhere, sometimes people will argue that there are some persons in this exercise who are playing football with the exercise. I think people who have made comments like that, and I am pleased that there are none in this Honourable Chamber, are not doing justice to the facts. What the facts should very clearly indicate is that Government, having so far as I am concerned, imposed a wage settlement, for which I have no quarrel, I am not going to go to the ILO about that or anything else but I stay very close to the need for respect for ILO Conventions 87 and 98.

Although Government has done that, Government at the same time has known that it has to deal with the question of the 8%. I do not want us to confuse the issue so the

salaries have nothing to do with this. There have been discussions ongoing regarding how we will treat a number of issues. How, for example, we would treat persons who lost their employment during this period. We have heard Senator Williams very correctly advert to some of those people, who, having lost their employment, lost their properties and some lost their families. It was terrible. It happened and it is to be regretted. Some of us have been of the view that those people ought to be put in a special class and ought to have the full amount of the withdrawn monies returned to them without being divided into categories and classes.

Suppose that were impossible to be done, then there was the need for discussion so that the parties could clearly say, we see, we understand and we agree. In fact, we were of the view in the Congress of Trade Unions and Staff Associations at one point that this position of ours had been taken on board and that it would be part of the mechanism and procedure which was being discussed. We had in mind as well, those persons who had retired from the public service and whose pensions would have been minuscule. We thought that they should be looked at somewhat differently because whereas a person who retires – with all due respect to any senior former public servants in here at the level of a permanent secretary – may have been better able to hold his own in the short term. A person retiring at the level of a cantooner or a junior clerk would have such a small amount of money to be repaid that the idea of reducing that to two or three tranches would only have been to frustrate the individual and cause more punishment than that which had been suffered in the 1991 period.

We were concerned and we made it known in the discussions with the relatives, the estates, the beneficiaries, call it what you will, Mr. President, of those persons who, having suffered the loss of earnings in 1991 to 1993, have subsequently passed on and whose little bit of money should have been paid in our view all at one time. We had a cadre of persons in the lower levels mainly who in a number of circumstances in our view could have been paid. As I have said before, we thought we were in a position where discussions might have been held and where there was a level of understanding.

Government has to make a decision at some point or other, but the situation we are faced with here is that this was not a salaries negotiation. This was a commitment to a certain sum of money. It was already known that it was 8% and the question as to how it would have been repaid would have been a very critical question in my view, which ought to have had the benefit of the representative agencies which are available in these circumstances.

Representativity is addressed very fully by the ILO in all of the documents and instruments which it endeavours to send out to its constituent members whenever they have a

problem or a difficulty. I am sure that the officers of Government who have addressed this matter would have a clear idea regarding what representativity meant then and means in these circumstances. I do not want to belabour that point but I just think it is necessary that all and sundry understand that there are elements within the public sector whose representative nature cannot be in question, who have not been party to any determination of this repayment of the 8%. Were we involved in the exercise, to the extent we were desirous of being involved, we would have wished to have had a determination on a basis different from the one presented by the Leader of Government Business here today.

I have already indicated that late in December last year there was correspondence indicating that we would wish to continue to meet to discuss the mechanism; not the amount but the manner of the payment.

What is before us then is: what is the reality? What is before us? What pleases and what does not please and who would have an interest in it? Are we opposed to bonds? Let me say that I would have to be among the group of those persons who are non-nonsensical, Mr. President, because I have always been of the view that bonds was part of the equation. If Senator Mascoll were here I would have had to apologise to him for having a different understanding of what the issues are from the way that he has been so able, so divinely to set them out. Sir, I feel that other persons may have different positions from what I have but I do not arrogate under myself the total knowledge or the total wisdom to suggest that who does not agree with me has to be stupid and non-nonsensical. That may be a partisan position within a cocktail arrangement in an evening but it surely cannot be one for such an Honourable Chamber.

Asides.

SENATOR C. LeR. TROTMAN: Sir, I would think that in those circumstances you would forgive me if I do say that the Congress of Trade Unions and Staff Associations did from the very beginning think that bonds was an issue. We offered it to the Prime Minister of the day in 1991. The City of New York had a problem, I think it was in the 1980s. One of the ways by which they sought to address their problem was by a bonds issue. We had examples of that sort and we were very conscious of the fact that that was one way to deal with the problem. In fact, we had started negotiating bonds and then at the last moment the Prime Minister of the day said that he was not a trade union person, that he was only the Prime Minister. Well, so be it – God gives powers and takes power away.

I understand very well that that was the issue. Bonds are still the issue now and I believe that bonds can be an arrangement. We were of the view that we might have had a discussion with the Government which would have addressed the idea of Government instruments in a way

somewhat different from the way Government had put it forward.

2.50 p.m.

Indeed, we were of the view that there need not to have been three tranches; there could have been two, and that is one of the positions we had put forward, because as Senator Mascoll said – and he said some very interesting things – in some areas the sums that are involved could become minuscule. For example we note in reality that the bulk of workers at statutory boards, most junior clerical officers up to Z33, all key scale workers, entry level nurses and police persons, are cadre of persons all of whom in our estimation are going to be adversely affected in the mechanism which the Government has indicated it plans to use in the act of restoring to a former state the earnings that people were getting in the earlier 1990s.

Mr. President, we looked at some of those rates and noticed that when persons were moved into the 1999 levels of pay, when you take what they are now entitled to, you are going to find that they are going to be net losers in terms of the amount of money that they will get. I am told that the advice is that that is the law. The Constitution said some things and I thought the Constitution was not right...

Aside.

SENATOR C. LeR. TROTMAN: The highest order for the people of this country is the Constitution. We felt it was not right. It did not satisfy the needs of the people, so we changed the Constitution.

The Jews felt that there was something wrong where the Sabbath prevented a man from fetching his own jackass from a well. The Lord made it clear that man is lord of the Sabbath and not the other way around. Laws are made for men and not men for laws, and to tell me that we cannot change it because the best legal advice says we cannot, is to tell me that the ingeniousness that there is in everyone of us, the initiative and the capacity to make decisions when we find the need for using that initiative, to tell me that we do not have that capacity any more is to make me believe in something that I know is not right.

Sir, I cannot accept that there was no alternative. I understand that there are complicated levels. I understand the Government may have been concerned to meet some of the payment within this fiscal year. I was not one that was overly concerned about the 31st of March. I feel that we were in to the payment of wages, the workers were going to be looking for a good wage, the Government was going to be interested in paying a good wage, and we had to be able to understand in this country the need for all of us to be careful about the amount of money in the economy. If the wage level is what was satisfactory to all, then waiting a few more weeks for the 8 per cent could not have been a problem to cause us undue

worry, but then what we would be getting would have been what we were anticipating on the basis of our understanding of the definition, "to give back, to restore to a former state or former position".

I believe that there have been some who have said, because the tax bands have changed that the end result would cancel out and people will be better off. That was something which Senator Mascoll was trying to address earlier today, but I believe that because of the force of his language, the message may have been lost. We have gone through three different levels of income tax bands over the period; one level before 1992 where there were some five levels of earners, and the taxable incomes were divided in the bands after the allowances up to \$15 000 in taxable income which attracted 20 per cent, \$15 000 to \$25 000 attracting 30 per cent, \$25 000 to \$35 000 attracting 40 per cent, \$35 000 to \$55 000 attracting 45 per cent and over \$55 000 of taxable income attracting 50 per cent and that was in 1991.

You would also remember that around that time the personal allowances were dropped, but if you were to look at the critical period, you would note that at the same time the adjustment came and persons were getting only 20 per cent deduction at a certain level in their wages, the key scale people I talked about a few minutes ago, the junior clerks, entry level nurses and policemen – were paying 20 per cent beyond their allowances in taxes. It is true that we rose to a 50 per cent level. Today, however, when you move beyond the personal allowances, the first band of taxation is not 20 per cent; it is 25 per cent. So in 1991 the person would have paid 40 per cent, if he or she qualified to pay a tax. Today that person may pay 25 per cent or if the person got a promotion, the person may pay 40 per cent on the amount of money that would have been taxed at 20 per cent, or better still, may not have been taxed at all. Yet, we say that we are going to restore to an unimpaired or perfect condition which is restoration.

Surely, we possess the capacity in this beautiful country of ours to be able to devise mechanisms, not as complicated as Senator Mascoll has put it, but much simpler arrangements for us lesser mortals than the one that he set out from his position on Mount Olympus.

Aside.

SENATOR C. LeR. TROTMAN: And, fairly, in passing I do not want people to get the impression that they should throw stones at the social partnership. Far too many people, when it is convenient and if it is permitted since it was raised before, Sir, have seen the social partnership and the protocol as a means through which they can score cheap political points.

I would wish that people would again go back to the source and recognise that it has been a mechanism by which noble persons, as they also are noble, have sought to save, to maintain and to develop our economy by making sacrifices at all levels. If one is to tell me that because market forces will allow a banker to leave a bank and go and get twice as much money somewhere else, or allow a private sector employer or manager to be able to have sums of money for a Chief Executive Officer which cannot be compared to the level of pay of a Permanent Secretary, and if one would then tell me that that is indicative of what has taken place within the social partnership, and that therefore persons like Senator Rickinson and Senator Goddard who were present in that exercise we took part in have done a bad job, then I must apologise because I was part of it too and I thought we were trying to save the country.

Aside.

SENATOR C. LeR. TROTMAN: The point I want to make is that we ought not to allow ourselves to feel that Barbados can afford the luxury of abusing what has been an instrument for the development of this country.
3.00 p.m.

I am urging that if we are going to repair what has been done, and if we are going to restore the 8 per cent then we may have to modify the Bill which I do not think is going to be likely, or we can have flexibility in the administration of the application of the relevant clause. I would urge the Leader of the House to so represent.

We are all pleased with the restoration, but we have some concerns that the restoration is not the full restoration to its former state or position.

I thank you, Sir.

SENATOR THE HON. Miss O. P. SYMMONDS: Mr. President, Honourable Senators who have spoken so far have looked back, and I think that looking back sometimes is necessary and certainly is so in this case. It has been actually said that if you want the present to be different from the past, you must study the past.

When I look back, I think both objectively and subjectively because my experience is not just vicarious. I had returned to the teaching service for a while. I did marks three times and I was aware of the pain and suffering which people were enduring. It was a period when the lights seemed to be going out all over Barbados, and universal darkness seemed to threaten. In some cases, the lights were going out literally because people even had to be careful about the amount of electricity they used, and as Senator Williams already indicated, some could not pay their

mortgages, businesses were threatened and sometimes two in a household had their salaries cut, and that was a cataclysmic experience.

However, what I wish to stress, Mr. President, is that the Barbados Labour Party (BLP) Government's action in paying back the eight per cent was not driven by a legal obligation, neither was it driven by a political motive. This action for most people rekindles the belief of the populace in political integrity and this Government's moral vapour.

Moreover, the Minister of Finance is patently being financially circumspect. He is not paying it in a reckless manner but in a systematic way that will ensure that the country's economy will not be decimated. He showed concern not only for the people, but for the country's fiscal health, and, of course, the two are interlinked.

It is for these reasons that I support this Bill and I think that it deserves enthusiastic praise.

Thank you, Mr. President.

SENATOR Sir JOHN STANLEY GODDARD: Mr. President, I should say at the outset that I had the honour to be a Member of this Honourable Chamber in the period 1986 to 1990 so I did follow the events especially within the economy very closely. I can say that before 1990 we in Barbados were living in an illusion of economic prosperity. Those of us who were studying what was going on could see that it could not last. While we could not see in detail how it would be resolved, there had to be a day of reckoning because the Government of the day was running large fiscal deficits.

There was a high level of Government borrowing from the Central Bank of Barbados. Whereas the rule with regard to Government borrowing from the Central Bank – and I speak subject to correction – stipulated a ceiling of 10 per cent of approved estimated revenue, the Government broke the rule and then retroactively had to amend the law to legitimize what had been done.

There was a sharp decline in the foreign exchange reserves which is the life blood of any small, open economy, and the time had to come when the International Monetary Fund (IMF) was invited in to correct the situation. They were being asked to make the decisions which the political directorate of the day could not make and was unwilling to make.

One of the remedies was the eight per cent pay cut in the public sector remunerations which started in 1991 and was completed in 1993. We must remember the trauma of that period where unemployment in Barbados rose to over 24 per cent. I am just saying all this, not to rehash it in details, but to set the stage of what things were like at that time.

With the implementation of the structural adjustment programme, the economic recovery started in 1993 still under the previous Administration, and it was in that same year that the social partnership was formed. The Government, the trade union movement and the private sector which had literally been at each other throats realized in the national interest that they had to come together and sit around the table and resolve their differences. I am pleased to say that Senator Trotman and I were part of that exercise. The first protocol was in 1993, the second in 1995, the third in 1998 and the fourth will expire this year.

Senator Trotman told us today that there was a lack of discussions regarding the mechanisms for the restoration of this eight per cent. Although I am no longer functioning within that partnership, I am saddened and disappointed that the discussions within the social partnership had not been completed before Government made its final decision regarding the mechanisms. We are not talking about the amount.

Since 1993 the annual growth rate of the Gross Domestic Product (GDP) has been roughly four per cent. Unemployment today is just over 10 per cent. Through the macroeconomic measurement, economic recovery has been sustained.

However, Sir, I think we may be facing another illusion. I am not talking about another economic illusion, I am talking about a social illusion and it worries me, as it worries others in this Honourable Chamber and all Barbadians I am sure.
3.10 p.m.

There are ominous signs in the increase of illegal drugs, firearms, the growing indiscipline and disrespect and discourtesy within this society. Any of us can experience this. Just walk around. The decline in standards of dress and behaviour and language.

I suppose all of this may be summed up in what is now termed the ZR culture. I am pleased to see the Government is recognising this. It appears they are attempting to do something about it because it is having a very negative effect on people in this society, especially on the school children who are at a very impressionable age.

Let me give another example of indiscipline. I am not a fan of dub music but I try to listen to it sometimes for my own information. I am shocked, absolutely shocked when I understand some of the lyrics. I will never pretend to understand all. Our school children are being exposed to this, a total disrespect for legitimate authority, all kinds of unnecessary race talk, anti-religious in many respects. It shocks me, Sir, and I thought I needed to share this with my colleagues in this Honourable Chamber.

In the same way that we undertook an economic recovery largely assisted by the IMF, we as Barbadians now have to undertake, in my view, a social recovery. We do not need anybody from outside to tell us what to do. We know ourselves, but it is going to take political will. It is going to take a determination of all sectors within this community to address this malaise, this disease before it becomes an epidemic.

It will take, Sir, – I am not talking about iron-fisted methods – a greater awareness by all of us, a deeper understanding and a sensitivity, so that we have a better appreciation of what is going on and why it is going on and how we are going to deal with it.

I think it is going to take very firm and enlightened leadership from everyone holding positions of authority because it is a breakdown of authority within the society, or certainly signs of it. I will use an old-fashioned word, Sir, and say that we need to place more emphasis on morality, moral values and responsibility.

We have inherited this beautiful island from previous generations. It is our responsibility to develop it, to embellish it and to pass it on to the generations that will come after us. We have to take that responsibility very seriously.

Sir, we have to restore respect for the rule of law and the enforcement of law. Here I would like to touch on the question of the administration of justice. I am not questioning the quality of justice being dispensed but it seems to me that so many cases take so long before they reach the courts. I think I may have mentioned this in here on a previous occasion.

A lawyer told me that there are certain ZR van drivers who have over 35 convictions before the court, have not paid one and they are still allowed to drive ZR vans. If that is correct, Sir, how can they and their peers and the rest of society have respect for law and order that a civilised society must have, if it wants us to remain civilised?

Sir, I am not saying that Government has the sole responsibility for this social recovery. It is something that has to be shared within the community, shared by parents and guardians, by the schools, by the churches, non-governmental organizations, and by the public and private Sectors; but it is a tremendous challenge that is facing us.

Sir, I am not pretending to be clairvoyant, but the same way I could see an economic crisis coming in the late 1980s, and it did come, I see ominous times for this social crisis that is coming, and it is not too late – we must recognise the signs, take them seriously and be prepared to do whatever is

necessary to improve this society for ourselves and for those who will come after us.

Mr. President, this is a serious responsibility for all Barbadians to share. I do support this Bill. I am pleased to see that the Government is restoring the eight per cent cut in the remuneration of the public sector workers that took place in the early part of the last decade.

I thank you, Sir.

SENATOR B. R. COLLYMORE: Mr. President, I participate in this debate with mixed feelings. On the one hand I appreciate the action of trying to give back to the civil servants who suffered a reduction in pay in 1991–93 a sum of money as compensation for that loss. On the other hand, I worry that the action proposed by this legislation will, in itself, create a series of problems amongst the very people who should be the recipients of this refund.

The refund can only be computed on a very individual basis and therefore the records of 1991 – 1993 must be available or some way of discovering what they should have been paid must be found in order to be accurate in refunding the people their money.

I am told that in one Ministry the pay sheets have been eaten by rats and cannot be found. How do you compute on an individual basis what those people should get?

The other point that concerns me is the fact that if I took one example of a salary of \$15 000 in September 1991, the month before the reduction took effect, that salary was reduced by \$12 000, I am speaking annually, to \$13 800 in October, the month after, by virtue of the Public Service Reduction of Emoluments Act, 1991.
3.20 p.m.

For the period of the effect of the Public Service (Reduction of Emoluments) Act, that is, from October 1991 to March 1993, the reduction in salary experienced by an officer who was in receipt of a gross salary of \$15 000 before the reduction took effect would approximate about \$1 800. Since 1991 there were three revisions of salary: 1995, 1997, 1999 and therefore my understanding of a salary that was \$15 000 in 1991 – 93 since there were no increases between 1991 and 1995 would now be approximately \$21 000 in the financial year 2000–2001, an accumulative increase of nearly 40 per cent.

I am taking a salary of \$15 000 in 1991 which was a very small salary of \$1 250 a month, and I am saying that a person receiving \$1 250 a month in 1991 at April 2000 – 2001 will be getting \$21 000, because the level of increase at that level was higher than the average in 1995. During the

currency of the Public Service (Reduction of Emoluments) Act, it would suggest that the sum that the person lost in the period, the sum of \$1 800, which was for one financial year and a half would now be worth at 2000 salary levels \$2 500. That does not take account of the comparative purchasing capacity of those sums of money in the two years which they repay.

I think any normal person would accept that \$1 800 in 1991 to 1993 had a greater purchasing capacity than \$2 500 in 2000 – 2001.

Viewed in this light, it seems to me that the restoration of that \$1 800 in 2000 – 2001, if it is a true restoration, cannot be simply \$1 800. For this reason, not only for money values but for the reason of income taxation which will apply in the three years that the three tranches are given back, it is the kind of matter that is going to be a severe irritant. How do you deduct an element of income tax from tranche Number One payable by March 2000? What system will be used to deduct it? It has to apply to income year 2000; it cannot apply to income year 1991. How can it apply to 1991 – 1993 which is the period it would have applied to? It is a sum of money that has to be added to assessable income in the year 2000.

Following the sort of argument that I tried to adduce that if you add \$600 which is the first tranche to a person who is eligible for \$1 800 in 1991 – 93 salaries when such a person's income cannot be less than \$21 000, when in 1991 – 93 he was either on the threshold or not eligible to pay taxes, in 2000 to 2002 he will have to pay income tax on that money which he was due in 1991 – 93. If he were somebody who had promotions in that period, he would even be receiving a more negligible sum than that \$600 because of having been pushed up into a higher tax bracket.

For those who were in receipt of relatively speaking fixed salaries in 1991 – 93, to give them back now what they should have received in 1991 – 93, they would lose 50 per cent of that refund in 2000 and on.

I have not been an expert on taxation but I took the liberty of testing these figures on a couple of people who know more about it than I do, and the point I am making is that whilst we say that they have to be taxed on income received at this stage, I think it would be less productive to the recipient because of the lower values of money and because of this taxation factor.

I am not saying that it is impossible to pay the refund free of income tax. In my public service career I can remember two occasions when the income tax law was amended to prevent people paying tax and reasonably so. The last one I can remember was in 1978 when a group of contract officers made a representation to the Government that receiving contract gratuity in lieu of pensions put them

at a disadvantage with other people who received gratuities at the end of their career.

Gratuity that is paid as part of your pension is not taxed but contract gratuities used to attract income tax in the year of receipt and an amendment was made to the Income Tax Act to provide that only 50 per cent of contract gratuities would attract income tax. That was a reasonable arrangement based on the fact that while for an officer retiring in normal circumstances his gratuity will not attract income tax, his monthly pension will, and the 50 per cent was worked out on that.

There was another occasion when the Income Tax Act had been amended to prevent people from paying taxes on special payments. This is another way that it can be treated.

I submit that if people were refunded in 2000 – 2002 a sum of money which they lost in 1991 – 93, that money on some actuarial evaluation could attract a rate of interest of 4 to 5 per cent compounded over the eight or nine-year period. If you want to restore, and I am not going to be as detailed as Senator Trotman on the word “restore”, but if you are going to truly restore what people lost in 1991– 93 then this would be another option to the income tax option.

I support the view that a special arrangement should apply to persons who received less than \$500. I know one who is going to receive less than \$500. Does that have to be paid back in three tranches? I support the view that that should be looked at. I support the view that pensioners should be in a special position where they have retired. My organisation, BARP, have asked me to raise this, that pensioners who retired during the period of reduction or after should be treated differently from serving officers. I believe that these are the sort of measures that could lead to dissatisfaction in the context of the return of this money.
3.30 p.m.

I want to make another point and it has to do with statutory boards. A large number of statutory boards fell within the category of persons affected by the Reduction Order and on the other side by the Restoration Act. There were other people in statutory boards who do not fall within the context of the definition of the Reduction Act or the Restoration Act. Their rate of compensation for whatever they were doing was reduced by administrative edict issued under the authority of the Minister of Finance. They received, not 8% cut but 50% cut.

Asides.

SENATOR B. R. COLLYMORE: And not for eighteen months but for two years from November 1991 to October 1993.

I would ask that the Government take note of this and at least research and see what happened.

Asides.

SENATOR B. R. COLLYMORE: It was an administrative edict issued in 1991 that Chairman and members of statutory boards should get 50% of the stipend that they were getting. I have been asked to raise this because I am fully cognisant of it. That is a substantial sum of money for someone who was getting \$1 000 and you give him \$500 for two years.

If you are talking about public service, Mr. President, I think that the civil servants gave noble public service in undergoing that loss of earnings. I believe that I am quite close to a lot of civil servants still. They became quite surprised when both political parties offered to pay it back. I think they saw that they had done a noble service for their country and something that saved the country from the embarrassment of a devaluation. Put in that way, as an alternative to devaluation, it was considered to be something that they could not have opted out of. Seventy-eight per cent of them opted for an optional reduction. The point I am making is that it showed an appreciation by the civil service of the difficulties we were in and the necessity for them to sacrifice something to keep the country afloat.

As I have said, I have mixed feelings about it and I think that they should get back the money. I think that it is a good thing that they are getting back some money. Do not think that you are doing a great act if it is going to create the sort of dissatisfaction which I recognise in the restoration arrangement. Due consideration has to be given to all these little matters of income tax for those groups of people who suffered from it and who cannot now, in the same way, defend themselves since they are not part of CTUSAB as those who are within the trade union movement still.

I am not finding it difficult to support the restoration but I urge that these points be taken into consideration even if the implementation has to be delayed from March 2000 to some later date because there are going to be severe problems in people's understanding of it and their reaction to it if this is not done.

Mr. President, I thank you.

SENATOR T. E. BARKER: Mr. President, first of all, I want to declare an interest in this particular matter since I am going to benefit from the restoration of the 8%.

Asides.

SENATOR T. E. BARKER: Sir, this is another example of the Barbados Labour Party living up to its

commitment and to its promises to the people of this country. Sir, bear in mind that this matter went before the courts in Barbados and it went as far as the Privy Council so there was no legal obligation on the part of this Government to repay what the other Government had taken away from the public servants. Even though it was not a question of law, it was a question of moral expediency that this chapter...

Asides.

SENATOR T. E. BARKER: This marks, as someone said, the end of a sordid chapter in the public affairs of Barbados. I want to say at the beginning that I agree with Senator Williams that this 8 per cent cut only came about as a result of Government not paying attention to detail. You can buck the laws of economics as much as you can buck the laws of gravity. The laws of gravity are there whether you like them or not. You cannot jump more than so high and what goes up comes down. The attempt in the late 1980s to buck the laws of economics landed us in this mess.

Mr. President, we do not want to go that way. I remember it very well because I was very close to politics in 1989 and every month I made sure I got a copy of "Government and Finances" from the Central Bank of Barbados. From the middle of 1989, anybody with a modicum of training or intelligence where economic matters are concerned knew that the economy was on the slippery side, on the way down. All I want to assure this Honourable Chamber is that this Government, of which I have a great honour to be a part, will not carry this country back down that path again. We cannot put the people of this country through that trauma again. The point is that there are economic laws and financial laws which govern our operations. One law that we must always keep in the back of our minds is that there is nothing called a free lunch. We are hearing about no tax and that it should be paid with interest as though the money is out there on a tree and you just go and pick the money.

This 8% restoration must be paid for. The Government will not do what was done in the late 1980s, that is to print money. We cannot do that. Neither do we think that the people of Barbados should be taxed anymore because the Prime Minister said that he has no intention of raising taxes because we are already taxed at a reasonable level. At the same time, there are strident cries for this Government to pay attention to the road system, to the health system, to the education system. There is no avenue for us to be drastically cutting public expenditure.

Here we are in a situation where we have a commitment and quite rightly so, not to raise the level of taxation.

We have to maintain spending to keep our social services and our physical infrastructure in proper place.
3.40 p.m.

We have said that we have a commitment to repay the 8 per cent but still we are hearing cries of no tax. We are hearing "pay more interest" and at the same time we are hearing about the fiscal troubles and the way the economy is contracting. It would be the height of economic madness for us to get advice from the DEMS about how bad things are and at the same time not recognizing that when we go and pay back without tax and with interest, because if you compound the \$60 million for almost ten years...

Aside.

SENATOR T. E. BARKER: Let us think for a moment what we are saying. We are saying, pay it back with interest for eight to nine years. What rate will be used? The saving rate or the loan rate? I do not know, because it is a loan so we have to use the loan rate which is 10% or more. Are you going to add \$6 million more every year? Just think that nine years after will be \$54 million because you are moving from \$60 million to \$120 million or close to it. How would we pay it back? The ways and means cannot be any more strained. It is okay to talk about no tax and more interest but at the end of the day with the best will in the world, the Minister of Finance has to say where is the money going to come from. Are we going to push the economy back in the state where it was in the late 1980s or early 1990s? We can talk from now to tomorrow. I am sure the people of this country, and I am close to them because I work with them and I have friends who are civil servants, are not dissatisfied with the provisions of this Act.

Obviously all of them would have loved if it was tax free. Who would not? But at the end of the day they recognize that there are economic imperatives and you cannot pay out what you do not have. I do not understand how they came by this level of dissatisfaction because I was not seeing any level of dissatisfaction about the 8 per cent. People are glad that it is coming. They wish that it did not have to be taxed, but all of us wish there was no income tax, because each month we would take home a lot more money and you too, Sir, would take home a lot more money each month, but all of us know that we have certain obligations to the State. There is nothing called a free lunch. The Government has to take into account its own ability to pay, given the financial resources that are available to it, the need to keep the country running and the physical plant of the country in good shape.

What are we going to do about the money that we are spending on poverty reduction and other schemes which are necessary and vital and long overdue? Are we going to reduce those? Let us consider what we are asking the

Government to do. No Government that is worth its salt would want to withhold money from the people but look at what happened in 1990.

In 1990 in order to curry favour with certain segments of the population, the Government spent \$32 million in regrading civil servants which benefited mostly those at the top of the civil service, just before this 8 per cent cut at the end of 1990. That is a fact: the ordinary fellow and the low entry clerks did not benefit from that.

Asides.

SENATOR T. E. BARKER: Only the people in the middle and higher levels of the service benefited from that regrading.

Asides.

Mr. PRESIDENT: Order, please.

SENATOR T. E. BARKER: We are not going to try to curry favour in that sort of way. I will repeat what I said: there is nothing called a free lunch. We can continue to argue about whether it should be taxed or not be taxed, and it is a legitimate argument, but at the end of the day the Government is going to have to say, "look, this is economic reality". We are not going to push the country in a situation where we have to go cap in hand to the IMF.

The people of Barbados know what they went through in the late 1980s and early 1990s and they would not wish the Government to put them through that again. We are not going to renege on our commitments or on our promises. We are just saying for lots of reasons that the money has to be taxed. Do not forget that the level of taxation, especially now on incremental income, is less than it was in 1991, 1992 and 1993 when this money was taken out and that is important.

Another point is that the Government has put in place a lot of schemes and initiatives where if they want tax free money, they can get tax free money. They can take the money and put it in registered savings plans, mutual funds or whatever and they will get it tax free. In other words, the fellow who gets his \$2 000 or whatever, can, if he so desires, ensure that he does not pay tax on his money.

I would encourage recipients to take advantage of the generous concessions that this Government has put in place since 1995, for example, for mortgages and house repairs not only for wall houses but for chattel houses. It is important that the key scale worker who may have had a chattel house in the past and repaired it receive no tax concession. This Government ensured that from 1995, repairs to chattel houses now attract generous tax concessions, so that there are opportunities where the civil servant who gets back his

8 per cent can put the money to work for him in such a way that he can avoid paying income tax. The argument in my view is that we should be encouraging people to use the savings mechanisms and other mechanisms where they can reduce the incidence of tax on this money. That is very important because we have to ensure that our people understand the economic situation and use the money in such a way that would not negatively impact on our foreign reserves, but would positively impact on their own future well-being.

Mr. President, I support this measure very much. It is necessary and I know it is going to put to rest a lot of the hurt from the people who were coerced...

Aside.

SENATOR T. E. BARKER: The 78% that said "Yes", the Honourable Member should have said "78% of those who voted" but the vast majority of public servants did not vote. More than that, there are people who voted "Yes" on the Thursday in the hope of keeping their jobs and the following day they got the dismissal letter and that is a fact. People voted "Yes" on Thursday hoping that they would keep their jobs and the Friday along with their pay package, they got a dismissal letter. There was a lot of coercion on that score, so I wish that Members would not refer to the 78% voting "Yes". I have to ask who were the supervisors of elections.

Aside.

SENATOR T. E. BARKER: That is neither here, nor there, but the point is that we want to put that episode to rest, because it does not benefit anybody to be reaping up what happened around that time except the historic fact that we are not going to do things, especially on this Side, to put us through that trauma again. For those who forget history, I have to repeat it so we should only go back to this period in order to tell us what not to do. A lot of wounds had been opened, let us hope that they are healed.

Sir, I am sure that Senator Rickinson would agree, because a wound may heal but the scar is still there. The wound may have healed perfectly but the scar is there to remind us of what we went through. The scars will not go away, and they must be a reminder to us that we must not play around with our economy. Our economy can only take so much.

With those few words I want to commend this Bill to this House and ask that the Members of this Chamber give it their fullest support.

Thank you.

3.50 p.m.

SENATOR Miss J. C. ODLE: Mr. President, I just rise to say a few words in this debate and to give my fullest support to this Bill. Senator Barker spoke of the past experience of the pay cut and the attendance at layoffs in the early 1990's so that we know what not to do again.

I think that the methods that were employed at that time and in those days were methodologies which hurt people to the core, and which are exactly the sorts of methods we would never want as decision-makers to employ in any Chamber. Mention was made of the fact that scars heal but I think there are often internal scars which will always be in that delicate place, which I believe the nurse among us will be able to attest to.

I am not going to dwell on it long but I think that I must on this occasion make the point, that aside from the pay cut, there was the harsh way in which many people were sent home. As I look back at the statistics of the day, we recognize that women have always been the smaller amount on the employed scale, and, therefore, when I look at the figures I can see that the women continued to be the highest figures for the unemployed at that period and for a long time. It was burdensome. I say that because in all of that, the women of this nation were still asked to carry the burden, because with those salaries cuts, and the heavy layoffs, the women of families were still the ones who had to make ends meet.

Reference was made earlier to trivializing the budgeting process I believe – I forget which speaker it was – and likening it to housewives. Sir, we must not undervalue the role of housewives because we all know that is somewhat of a job. The Senator dealing with the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB) and so on will know full well that this is a labour oft-times of love because it is certainly unpaid labour which we recognize will soon be dealt with, with respect to households and management.

Sir, the methodology that was used, I think the scar will always remain. A former speaker spoke about the Civil Servants in particular who saw it as a noble effort and believe it was their civic duty to play their part in ensuring that the economy did not face deprivation of a devaluation. Sir, if that was the case, I wonder how then they spoke so loudly in their numbers in removing an administration who had implemented such a heinous act.

Mr. President, I do agree that we would want never to have to tread that road again. As the former speaker said, legislation has been passed to ensure that never again would salaries be cut in that sort of manner. We would not want to see ever again the sort of unemployment level that we had experienced in the early 1990s. Therefore, we are happy to see that unemployment up to this recording period has

reached the kind of figure that we have not seen in years, although women still continue to be at a higher level of unemployment than men recording 11.5 per cent versus the men at 9.0 per cent. That is not to say that we do not have women who are able or who are capable of filling some of the jobs that seemed more to go to the male species in our domain. This must be on our minds and we must really look to this to redress what I consider as that imbalance.

With the sorts of policies that have been put in place in a consistent manner over the last numbers of years by this administration, we are ensuring bit by bit that every sector of this society has its rightful place and is in no way disenfranchised.

I see this effort before us today in the Public Service (Reduction and Emoluments) Act which speaks to the whole question of the restoration of the emoluments as another step in the direction of an administration who did not have to do this, but who felt it had a moral responsibility to try and right a wrong that had been administered, to heal a wound that had been created and once and for all to begin to let people begin once again to realize that they can indeed put trust and faith in the legislators of a country who know what it is to have come from a hard place and to do the right thing as we look forward into the new developing society which we have become or in which we are going to grow stronger on a day by day basis, so that the faith of the electorate can be restored once again in the persons who seek to administer their welfare.

On that note, Sir, I fully give my support to this Bill before us.

Thank you.

SENATOR Mrs. P. E. RICKINSON: Mr. President, I rise to support this Public Service (Restoration of Emoluments) Act, 2000. I listened carefully to the comments made and in the process I hope to make up my mind about the various types of contributions that I would like to make.

Firstly, Mr. President, my colleague, Senator Symmonds mentioned that the repayment of the eight per cent was not driven by a political motive but, Mr. President, the restoration of the eight per cent featured very heavily in the Barbados Labour Party's (BLP) Manifesto on page 24 which I consider to be political, although it might have a moral element behind it. So I do not fully support that contention that it was not driven by a political motive. I was just told that if it is a moral motive it becomes more imperative and more committed more or less because it includes your whole soul *et cetera*, — those are not my words — as opposed to a political motive. However, I do support it.

Asides.

SENATOR Mrs. P. E. RICKINSON: What concerns me, Mr. President, and no one has addressed this so far is that I do not know if the Leader of Government Business, Senator Murray, could clarify it. Mention has been made several times that the Public Servants could receive payment without paying taxes if they invest in Government Bonds or Treasury Notes. I have searched the legislation to see where it says that you do not have to pay taxes if you buy Government Bonds or Treasury Notes. The impression was given that if you invest in Bonds or Treasury Notes you do not have to pay taxes, but if you do not you will have to pay taxes on the return of the eight per cent. That is what is coming over to me and I hope I could get it clarified because I have not seen it anywhere written in the legislation, and it does not make sense to me. I feel that if you have to pay taxes you have to pay taxes whether you invest in bonds or whatever if the eight per cent is returned.
4.00 p.m.

Mr. President, I would like to reinforce the fact, which was dealt with very well both by Senator Trotman and Senator Collymore about certain categories of workers who would be disadvantaged, and particularly where there have been regradings, etc., and in particular if this money is added onto the existing salary.

I know from experience when I got back pay I always used to insist that they calculate my Income Tax from month to month instead of calculating it on the month on which they gave me the back pay because I found that if you take the lump sum and add to your present monthly pay you pay more Income Tax than if it is added to the monthly payments where you pay less tax so in this case I think the principal will apply as well. I am not sure how they will get around it.

I myself, Mr. President, do agree that the Government and with the Leader of Government Business who put the case not only for the return of the 8 percent but also for the various developments that have taken place by this Government and I accept that and I support that. For example, he did mention that persons acting can apply in any 36 months prior to retirement and they will benefit. If, for example, you are a staff nurse and they allow you to act for a Sister for 36 months, when you retire you will retire on a sister's pension and not on a staff nurse's pension. That is very good and it has helped quite a lot of nurses and many people in the public service. I think it is the right thing to do because if you are going to put somebody to act from 36 months they should have been appointed in the job in the first place if not they should not be acting.

However, it also militates against the morale of some people when you get the various supersessions in the public service. I can speak on behalf of the nurses because I deal with this virtually daily or monthly. If, for example, you are a Staff Nurse you can retire as a Staff Nurse or in any

profession because there are only so many posts at the top. There are only a few Sisters and Senior posts. Therefore, if one supersedes you and you do not get in those acting months it means when it comes to retirement you are going to be at a disadvantage. Before it didn't matter so people didn't worry too much about supersession but today the workers realise that they need to chalk up the number of days they are acting so it can go towards their pension and they do not take it very likely. That is an area we need to look at.

Mr. President, I also accept the view put forward that it is not possible to repay the 8 per cent in a lump sum or it is not possible to repay the 8 per cent and add interest onto the money and dump that money into the economy if not it will send it more or less, in my words, into a tailspin. I feel that very strongly.

I recognise that tourism is down. I recognise that the sugar industry did not perform as it should, even though there is a lot of construction going on but I can see a lot of workers who are non-Barbadian being involved in the construction industry and most of these monies will be sent back overseas.

I do support the notion that giving back the 8 per cent with interest is not good for the economy or giving it back in a lump sum is not a sensible economic decision. However, I would like to say in the same breath that some persons have been made to believe that they are going to get back a fair amount of money and they are anticipating this money. When one starts calculating what they are going to get back, it is not very much. For Nursing Aides, *et cetera* it is about \$500. That is not much money and that is not much money for women in particular who are heads of households, who have been struggling to make ends meet, who can only pay the electricity bill this month and the telephone bill next month, *et cetera* and who have hard times. They cannot afford to buy any Government bonds and probably they will not be taxed because of their tax bracket but there are also other middle-class women who are heads of households, in particular nurses because the divorce rate is very high because they are at work when they are supposed to be at home with their husbands doing what they are supposed to do so therefore the husbands go and look elsewhere.

The nurses feel they are going to get a lot of money. I said: "You are not going to get a lot of money. You need to sit down and calculate what money was taken out and then you have to pay Income Tax and you have to pay National Insurance. It is not going to be the fat sum of money you are anticipating." We need to try not to build up the hopes and aspirations of persons about this big pay packet that they are expecting to get so that when they see the taxes and the National Insurance coming out that this would not make them a bit upset. We need to really get down to the basics and let them know exactly what is what.

I would also like to support the contention by the Leader of Government Business about the developments that they are trying to do in particular with the Public Service Act which he said the committee was headed by the Head of the Civil Service and they held public meetings. I did attend one of those public meetings. I did put the case for a nursing services' commission to deal with the myriad problems that we have because, in particular, I think nursing is a very complex profession and only nurses really tend to understand nursing. I think they need special attention and that would help to restore their morale.

I would also like to support the Leader of Government Business when he talked about the institution of a programme of public sector reform. We are looking to see how that programme can be developed. What I would like to see is much more inclusion of the persons involved in this programme that has been instituted that Senator Murray mentioned in his speech because there are a lot of areas that require attention, including the areas where there has been a lot of supersession and various appointments.

Senator Murray also spoke about casual workers who have been part of this exercise who are due to get back the 8 per cent but who also have been made public officers. I would also like them in the process to look at some of the *entrée* nursing assistants who are working more or less as casual workers. They have not been given the same opportunity to be made public officers in that they come and work and are sent home even though they are needed, because the posts have not been created so that they could be made public servants and be given security of tenure. They find themselves when it comes to retirement retiring without gratuity. I would like to see them look into that area.
4.10 p.m.

Senator Trotman spoke very well regarding the regrading exercise and I would like to support the call for negotiations, talks, discussions regarding the actual format of this exercise. Since you are going to invest so much money you need to do it the right way and the right way is what is mentioned in your manifesto throughout, the politics of inclusion. You need to take that from the manifesto and make it walk and make it into a reality in every thing you go to do, and keep that in mind and practise the politics of inclusion when you start looking at the restructuring, and include the trade unions and other associations who will have contributions to make in that area.

Nurses are in CTUSAB and you can be assured if I am not included, I will say elsewhere and the whole world would know about it.

Coming back to the 8 per cent and the repayment. I would like to say that gasoline prices have risen. My gasoline price was increased. I have to pay more for gasoline and if

you pay more for gasoline it means that virtually everything in the economy has to go up because of transportation etc. I was always taught that you can have a budget, but all you have to do is raise gasoline prices and everything else will go up. This tells us that when everybody gets back their 8 per cent it is going to be whittled away. It is going to be going in the higher prices that we are seeing in the supermarkets and that we are paying for gasoline.

We are an economy where virtually everything is imported and therefore the cost of energy is going to make everything else expensive, in addition to the supermarkets realising that the public servants are going to get more money. The prices are keeping up in the supermarkets and increasingly you are finding it more and more impossible to buy the basic necessities of food that is needed to keep body, soul and mind together.

Mr. President, in connection with the 8 per cent and also in connection with the contribution by Senator Goddard regarding his foreseeing virtually the economic decline and now mentioning the social decline in our society, I know that each and everyone of us is concerned about this, and I personally do not know what to do. I have travelled widely and have seen the decline everywhere. I do not know if it is something in the food that they are feeding people worldwide. I have seen it in France and in England. Wherever I travel people are complaining. I am not making excuses for Barbados because we are a 2x2 country and we should be able to sort it out. We have to sort it out if we want to enjoy this beautiful island.

One thing I think in sorting it out is that we have to make sure that we do not use propaganda but that we use scientific data.

There is no point trying to stop people from drinking by telling them that if you drink alcohol or you smoke marijuana you will smoke cocaine. That is wrong. It is not empirical. The Canadians went that route and after research had to reverse it because people realised that they were not telling the truth. We all know that everybody who drinks does not smoke marijuana. We all know that wine is good for our blood vessels and we all know that a glass of brandy is good for us, so there is no point trying to tell little children, young people this because you would lose your credibility.

In other words, what I am trying to say in general is that when we go about trying to transform the society we need to put the facts to the children and young people. With this 8 per cent we need to put the true facts to them not to give the illusion that they are going to get a lot of money, because the first thing they are thinking of is to have a spree.

We have not trained our people in the art of investing in bonds and securities because the stock market is not that old. It is new. It is something that most of us do not

understand. It does not make sense to most people if you give them \$500 that they go and buy some certificates where five years down the road they will be just getting 5 per cent and have to wait so long to get that when they can take the \$500 and buy shoes, etc. where they get instant gratification.

We are becoming an instant society where we want instant things now. We are not taught like when we were young that you work hard and you save now, so that you can enjoy it later; you put down a little and later on you will be able to buy a house etc. Everything is instant. We all want everything here and now. So do not be disturbed if you find that a lot of the public servants do not invest in the bonds and Government securities. It is because we have not been brought up to invest in these things. So we need to start at the primary and secondary schools teaching people about the art of investment.

You will find that there are certain people who might go and buy bonds, but these might be people who are in the area of business and they were brought up in the culture of investment and taught about saving. These are not the people that we are trying to get at. We are trying to get at the average person, and we need a bit more education and this needs to be through face to face contact, because just telling me to buy bonds does not make sense. You need to talk to me more and explain more about the value of stocks and bonds, and that you will get more money from buying bonds than putting it in the bank. The interest is higher and bonds are safe in Barbados.

That is one area that one has to work on in the area of education both person to person and via the mass media.

Another comment I would like to make is regarding what Senator Murray said about the regrading exercise, about the weighted qualitative value of a job.
4.20 p.m.

Mr. President, if that is really what you are going to do, nurses will be at the top of the ladder because if you look...

SENATOR THE HON. G. S. H. MURRAY: Mr. President, on a point of elucidation. I think the Honourable Senator misunderstood me and is therefore inadvertently misleading the Chamber. I said 'quantitative' rather than 'qualitative'.

SENATOR Mrs. P. E. RICKINSON: Sorry, Sir, that makes a difference to what I am going to say because if you are going to talk about weighted quantitative as opposed to qualitative value that connotes something different because if it was qualitative, nurses would be at the top of the scale and I would have been able to put in a plug for the nurses. Quantitatively, there are still at the top of the scale because of the amount of work that they have to put in eight hours. I can speak from both sides, Mr. President, because I was a

nurse, putting in eight hours and we never sat down from the time we went to work to the time we left. When I went to work in the Ministry, everybody was sitting down and they were not rushing around. They were not busy all the time and I saw that there was a certain sector of the society who had it easy but when you go into nursing you are up and down, going backwards and forwards and hardly getting any lunch. You will find that they would rate very high in the regrading exercise.

Mr. President, I would like to support the Bill.

SENATOR Mrs. J. P. ALLEYNE: Mr. President, I obviously rise in support of this Bill, but I am not going to elaborate on it because I think my colleagues in both Chambers have done so quite well. What I want to speak about is to clear up the matter of the cost of petroleum products in this country which has been brought up by Senator Mascoll and the previous speaker Senator Rickinson.

Mr. PRESIDENT: Senator, may I remind you that this debate is really about the restoration of emoluments, but I will permit you briefly to respond to anything that has been said, but we should not stray too far from the Bill that is before us.

SENATOR Mrs. J. P. ALLEYNE: Sir, I understand and I do not intend to stray too far away. I just want to speak on the fuel oil and gasoline aspects which were referred to by both speakers.

The electricity cost was referred to by Senator Mascoll. Fuel oil is an important aspect of electricity cost and I want this Chamber to be aware once more – I spoke on it before – that this Government has removed all the Excise Taxes which were applicable to fuel oil. Therefore, there is no sense continuing to ask the Government to reduce the cost of electricity in this country via the reduction of the Excise Tax because there is none. It has all been removed. There might be another way in which we can reduce the cost of electricity in this country, but if the business persons of this country were to do their homework they could very well come up with that solution. I am not going to say what it is because I think that they should do their homework if they want to approach Government for a reduction in certain matters.

On the matter of gasoline, the cost of crude on the world market has gone up. It went down to \$13 a barrel and it has gone back into the twenties and it is outside the control of this Government. Whenever the price of crude rises or falls, we have to adjust our gasoline prices to suit. Sir, in January of last year, we reduced the gasoline price by ten cents a litre. In January of this year we only increased it by seven cents so we have not gone back yet to the original cost of gasoline to the consumers in this country. Added to that,

Sir, we have reduced the Excise Tax on gasoline as well. We are, in principle paying much less for gasoline products in this country that we were before.

Sir, I just wanted to make that clear.

SENATOR Mrs. V. E. NEWTON: Mr. President, I rise to support this Bill before us. I just wish to say that when the pay cuts were made in 1991, I worked and I still do at an institution which was not affected. For a while we thought that we would have been but it so happened that we were not. The pain of many in the society who were affected by the pay cut was felt by a lot of us.

As I see it, this Government had no legal obligation to restore the pay cut. Remember that the Privy Council had decided on the matter of Ophelia King versus the Attorney General. Whether the motive in restoring the pay cut is purely political or purely moral is neither here nor there. There is a crossing line between the two. Everything that is political is not necessarily immoral and *vice versa* so I would not get into that argument. I do wish to say that I think that the decision to restore the salary is an admirable one. At the same time, as we have heard from Senator Barker, Senator Collymore and others, the actual computation must have posed tremendous difficulties for the Government. It seems to me that even though the decision is an admirable one, the actual mechanics would have been difficult under any circumstances.

We have not heard anyone of those persons who are going to be on the receiving end express any views as to whether what they are going to get will be sufficient or not. I guess it is because many do not know how much they actually will get. As I see it, it would have been impossible to restore the cuts without taking any tax and without taking National Insurance deductions. The question would be how would it be done?

I remember also when the Constitution was amended in 1995 which one could consider to be a precursor of the promise to restore the pay cuts when the amendment was made that civil servants' salaries would not, in future, be altered to their disadvantage, many academics were somewhat concerned by the fact that the Constitution was amended for two reasons: (1) it was not clear what 'their disadvantage' actually meant and how that would be interpreted in the future and (2) others felt that possibly other legislation could have been amended or introduced rather than an amendment to the Constitution. Still, others felt that since salaries could be considered as property, it was fitting that the Constitution be amended because it would give effect to the fundamental right to have your property not taken from you without compensation and so on.

In any event, a lot of this is academic now and I would say that the attempt to restore the salaries to the actual levels of what was lost, is a commendable one.

SENATOR D. D. MARSHALL: Mr. President, I rise very briefly to give my whole-hearted support to this measure. Mr. President, after six hours of debate, it is often difficult to find something new to add on what, in my view, is really a very narrow subject. It is indeed narrow, but we recognise that the impact of it is far-reaching and also that the ill which it seeks to correct is one that is very deep-seated and is forever etched or burnt on the psyche of all of Barbados. In fact, I think that this dark moment will not lightly pass into the recesses of history.

4.30 p.m.

Mr. President, for whatever it is worth I would like to say that sometimes with the best of intentions, all people, including legislators as we are at this time privileged to be, highlight the complexities of a situation, or perhaps the difficulties of a situation and there is a grave danger that if we emphasize these things beyond what is reasonable, that the good which is being done may well be overshadowed by the difficulties that we sometimes labour a little too much on.

No doubt this is a very complex issue but when one considers the dilemma that the Barbadian people found themselves faced with during that particular period, we are reminded of the distortion in our society, the tremendous dislocation that we suffered, the unemployment, the simple things like people losing their possessions because they could not pay their bills, and people losing their properties because they could not pay their mortgages. When you consider all that the people of this country had to endure during that time, we have to recognize that there is one thing that this Government is able to truly restore.

We cannot do much about somebody who lost a job and found that they lost their property. We cannot do too much about the mental distress that people felt during that particular time, but the one thing that this Government has committed itself to doing and perhaps one of the easiest things – and I say that guardedly – would be to restore the \$63 million that were ripped from the pockets and the hands of the Barbadian public servants.

No doubt there are complexities involved but mankind in history had spent too much time thinking about complexities. I am sure that the Taj Mahal would not have been built, the Empire State Building might not exist today nor the CN Tower. In fact, Bridgetown as a City, when the old architects had to consider the concept of building on what I understand was nothing more than a marsh, would not be here.

I would wish to encourage all of Barbados to concentrate on the fact that it is a tremendous good that is

being returned to the people of this society, and to concentrate on the fact that the Government is making what could only be considered to be laudatory efforts to use the words of the Leader of Government Business in the Senate, palliatives, something to assuage, even if not perfectly – to restore in the hearts of the people.

One issue which has been dealt with, *ad nauseam* perhaps during the course of the day's proceedings, is this issue of whether to tax or not to tax. I would want to say that as a lawyer, one famous judge when he was confronted with how to define income tax, said: "Income tax is a tax on income."

The reality therefore is that this money which is now being put back into the hands of the people from the public purse represents income as and when it is paid. Therefore, while there are one or two people and there may even be 200 people who might find themselves adversely affected, the reality is that it is a very difficult notion to bend the laws of Barbados to accommodate so few people.

I do not believe that we have any idea of the true number of people who may well find themselves in a worse position than before. Perhaps when we know what that is, then we can best try to deal with the situation. In fact when these people receive the benefits of the restoration, whatever adjustments that needs to be made may very well be made at the time when they file their income tax returns and state what their deductions are and so on. In truth and in fact I do not think the situation is as dire as other Members of the Senate may want to present.

With those few words, Mr. President, I would therefore wish again to say that we should compliment the Government for the skillful way in which it has managed the economy. They cannot replace those lost years in which people suffered, but they have been able to bring unemployment down from 20% to just about 10% and we are now perhaps putting the icing on the cake.

Therefore, with those few words I wish to reiterate my support for this measure.

Thank you.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, I rise to support the Bill but I would like to draw to the attention of several persons who have been contending about what should be paid back, that the Act as drafted is no more or no less than what was promised by the political party at the time and was entered into the Manifesto.

If one looks at Section 3 of the Bill it says quite clearly:

"(1) Subject to subsection (2), there shall be paid out of the Consolidated Fund an amount of money that is equivalent to the emoluments that were deducted

from the salaries and allowances of officers in the public service in accordance with the Public Service (Reduction of Emoluments) Act, 1991."

Sir, I have heard, not only in here but at other places, persons talking about interest to be paid on the money which was deducted, that we should not pay Income Tax and all these various things. If you had received that money at the time, you would have paid income tax and National Insurance and you would not have gotten interest on it.

I keep saying that the legal interpretation of the whole scenario is that you had nothing and the interest on nothing is nothing and that has been my contention from the very beginning. If today the Government proposes to pay back what was taken from you, it does not become a reality until today when it passes this Chamber and receives assent from the Governor General so that is when a figure comes into operation. Until then, there is still nothing and 15%, 6%, 4% on nothing is nothing and this has been my contention.

Sir, on the question of the statutory authorities, I have listened to Senator Collymore but I think a lot of people do not fully understand what happens with the statutory authorities. There were two suits filed in respect of the statutory authorities. One was filed by an employee of the Central Bank and one was filed by the employees of the National Petroleum Corporation (NPC). Both suits never passed the preliminary stage. They never went into hearing. There were instructions from the Government of the day that the statutory authorities should put the amount which were deducted into special accounts in the Barbados National Bank until decisions were made. No decisions were made because they were not completed in the courts. I believe that based on pronouncement made by the then Opposition that if they ever got back into office, they would pay back this money, these cases never went any place.

The NPC case was coupled with a section of the National Petroleum Act which said that the NPC Board was to establish a pension fund for all employees. If you can remember well, the then Government was in the process of selling off its statutory authorities, like it sold the shares in the Barbados Light and Power Company Limited and the shares in the Telephone Company. When they were about to transfer the NPC, the present Attorney General who was working as an attorney, brought an injunction and coupled the 8% payment in that case. It was never heard. That case was never heard and the Central Bank case was never heard because there was a ruling when the first case was to be heard, Ophelia King against the Government that it did not affect statutory authorities, so the unions went ahead and filed these two cases.

Sir, what has happened is that in the case of the statutory authorities they put the equivalent of what was to

be deducted into accounts in the banks. They are still arguing that interest should be paid on that money because it was available.

Sir, the English Language is such a peculiar language. As Senator Trotman said today, "what does restore mean." You can use a word of the English Language to connote a lot of things. Therefore when we as lawyers get in court, we use them also to connote other things, so there is still that argument as to whether or not the statutory authority should pay back the money, plus interest or pay back the money and the interest which it accumulated. It is not as simple as it sounds.

I agree with Senator Collymore that probably the equitable way of doing this would be to find the pay list for the respective months of years and recalculate every persons' entitlement. Senator Collymore has raised an issue which I would like one day to be dealt with, not publicly, no hold barred and removing all the constraints, and that is the management of the Civil Service.

There is a saying that you cannot attack civil servants in Parliament because they are not here to answer, but I think it is absolutely necessary now that the public of Barbados learn what happens in the civil service and how they operate. I would like the public of Barbados to know that...

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: ...that the rat ate the pay sheets. I would like to know that to begin with, but the next thing I would like them to know which they do not know, is that Ministers of Government have no control over the civil servants and that civil servants have told Ministers, "You cannot tell me what to do. You do not control me." I was in the company of a very senior civil servant who told a former Prime Minister, "Ministers have no control over the staff, so you cannot do that, Mr. Prime Minister."

When a Minister complained of a maid refusing to do something she was asked to do and the then Prime Minister Tom Adams said to her, "Bring a report to Cabinet, I will deal with it". The Cabinet then told the Prime Minister, "Mr. Prime Minister, I must warn you, Ministers have no control over staff."

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: Not even to get a cup of tea or a ham cutter. Therefore, when Senator Collymore disclosed today that he heard that the pay list had been eaten by rats, it brings into serious account, the management of the civil service. This is no joke. I have

complained in here over and over again that up to now new Members of Parliament and I have not received copies of the laws of Barbados. This is so because I heard that they were put in a room and got soaked with water. Everybody blames the Ministers but I can assure you that there is no Minister who knows where those books are kept.

4.40 p.m.

Also, I hear people talking about Ministers writing cheques and what not. There is only one Minister of Government as far as I know, who has ever known how the Civil Service works and where anything was stored, and that Minister, when he became a political Minister, once said that the Civil Service had its own agenda. So probably, it is the same agenda that caused the rats to eat the pay lists and you are now hearing that the Government is not doing what it should do, that it is not paying them back adequately and that we should not do this.

Let us move to another point which is the question of savings. I heard Senator Mascoll talk about what one will do with \$500 and what a pair of Bally shoes cost. Sir, if this is what we as legislators are sending forth to people outside, that as soon as they get extra money they should run into town and buy a pair of Bally shoes, then you will understand why our society is what it is today. That is what a Senator said in here today.

If we as legislators talk about what is happening in society out there, what young people are doing and what everybody is doing, and we are saying that they should take the \$500 and buy a pair of Bally shoes that can be worn out in three months and not put it in Bonds, then it tells us that we ourselves are not showing the type of leadership that is expected of us. If we do not display a better understanding of society and family life in that, what can we expect from those outside?

Mr. President, I support the Bill which is now before the Chamber and as I said, the Act is carefully drawn. We cannot say other than that. We can say what we want to say but the Act speaks only about the time of repayment and the amount to be repaid. It does not say anything about Bonds, tranches or cash.

What bothers me most of all is that many civil servants were sent home. Many of those people who signed or were alleged to have signed the consent form to the eight per cent cut were sent home and cannot now benefit from any restoration. I understand that no secured form of counting was put in place to know how many signed or did not sign for the cut. It was just announced that the majority of the civil servants signed the form. However, that is one thing; that is history.

Asides.

HIS HONOUR SENATOR C. L. BOLDEN: How are you going to restore it? What are you going to restore to them? Mr. President, policemen came into my office and showed me their payslip and their final take home pay was 000.00 after the eight per cent cut. A lot of people do not understand how our society functions. What has happened is that there was a lot of house buying at the time. People went to the Barbados Mortgage Finance and they got a mortgage for a certain amount of money. They went to the credit unions and they borrowed the down payment and they went back to a second credit union and borrowed money for furniture and their whole repayment scheme was structured on their salary with a small amount to carry them through the month.

4.50 p.m.

I will say this now and I have often said that if you go to West Terrace there were a lot of people who sacrificed to get a house and lived on macaroni pie from Monday to Friday with a little cheese. Then when the 8 per cent cut came that is what devastated them because they had everything so balanced out with the net balance to live on.

I can tell you of a police girl who stole a colleague's money and eventually was put out of the Police Force. Do you know what she said? "I carry home zero when the month comes".

People do not really understand what we went through in this country with that 8 per cent cut. I can tell you stories and stories about the 8 per cent cut. I am happy to see that the Government today can restore what was taken away. I choose my words carefully. I think we should all be thankful for a government that recognised what happened at the time and tried to make compensation for that. I believe that we should have said or used the word "compensation" and we would not be in the arguments about interest etc. Government should have said that it would make adequate compensation for what was lost during the relevant period and we would not be in the...

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: Reparation? Reparation brings in quite a lot of things so therefore I would rather use the word "compensation" and we would not be saddled with whether we should pay interest on it or not, because this is going to be a burning debate for as long as we can remember. Those who took it away will come back and say we did not do right because they would have given it back, but it is good to say these things after and when you are not in a position to deal with it.

I am saying that we should be all thankful that the Government decided to make some sort of repayment and hope that those who receive it understand how it is done. There are several persons who were actually sent home

and there is no basis for compensating those who lost their jobs; but it is typical of the Democratic Labour Party.

I do remember back in 1975 they sent home a lot of teachers on the pretext that they only wanted teachers who had four "O" levels. Those with less than that had to go home. That is what happened but, thank God, the Barbados Labour Party does not act in that way, and I support the Bill before the Senate.

SENATOR G. E. N. BROME: Mr. President, I rise in support of this Bill before the Senate today. I am happy for historical reasons to make my contribution. I think it was a real dark age in the history of Barbados. I myself suffered through my business and the people I had to deal with. I would not like to remember it. I came through the 60s and the 70s but the 90s I think were the real dark age.

I am very happy to be part of this legislature and that this administration uses its initiative, courage, guts and willingness to give the people back their due. I think it would have been difficult initially to find that sort of money in a new administration, but I am happy that in the end it has come about.

It will be for a very long time that the people of Barbados will be grateful to this administration, led by The Right Honourable Owen Seymour Arthur for his honesty, bravery and courage. We are going to encounter certain problems in the administration, but in the end I hope people will understand that we had a cost to pay, and they should recognise and appreciate and accept the outcome. Thank you, Sir.

SENATOR THE HON. G. S. H. MURRAY: Sir, in bringing a closure to what I consider to be a most enthralling discussion, enthralling if only because while there was a consensus of support for the measure, there was also a variety of views. There was also great creativity and imagination exhibited in the form of great suggestions and methodologies proposed as to how this issue could be dealt with in its implementation. I am not sure that all the suggestions were feasible but the point is that it indicates that persons rose to the seriousness of the occasion and tried to come up with creative methods of contributing to the public discussion and hopefully the public enlightenment on this matter.

I would just like to make a few comments on some of the issues that were raised by the various speakers. Senator Trotman raised the question and expressed certain unhappiness with the fact that the unions had not been involved in the selection of the methodology and consulted *vis-a-vis* the implementation of the programme for the job evaluation exercise that would take place across the public service.

I checked with the Ministry of the Civil Service and I want to assure Senator Trotman in his absence and also the entire Chamber that the unions will be fully involved along the way. It is just that certain initial decisions had to be taken to get the exercise rolling. His views were taken but the unions will be involved in discussing the parameters and the details of the methodology and what not. I can assure him that there is no likelihood of the spirit and letter of the social partnership being fractured on this issue.

On the question of the repayment of the 8 per cent the Ministry of the Civil Service informed me that a meeting has been scheduled for February 4, in which they will begin discussion on the conditions of service for the public servants. Salaries having been settled, they now will meet to start discussing certain conditions of service that they want raised, and at the same time the hope is that there will be further discussion as to the exact details of the implementation of the repayment of the 8 per cent.

A number of methods have been proposed but when the Government decides and the unions come together again hopefully on February 4, we hope we will make some progress in nailing down exactly where we will go from here.

Senator Collymore in his contribution made a disclosure, one which most Members will remember, that the rats were reported to have eaten records of pay sheets in the Ministry. I would just like to assure Senator Collymore and indeed everyone else that that occurrence should be a thing of the past when shortly, given Government's computerisation programme and given that the pay sheets are now being entered into what is known as Smart Stream. So the possibilities of that becoming a permanent feature of the civil service is highly unlikely. I suspect it represented more of a case of the lack of proper maintenance and termite control rather than any carelessness or indifference on the part of the public servants.

We have in the public service some instances where you can find records going back. I came across a document the other day which goes back to the days of the colonial secretary. Barbados' civil service could not have made its contribution to Barbados if it had had a poor culture of record keeping. Therefore I think that is an aberration which will most certainly be corrected with the new technology in Government's service wide computerisation programme.

Senator Rickinson spoke about the question of the financial instruments which are being proposed as one of the means of utilising the 8 per cent when it is repaid. I want to point out to her that the proposal is that the income from the financial instruments will be tax free, but the actual repayment money will be subject to tax as was indicated earlier.

5.00 p.m.

Therefore, Sir, that is the situation from Government's point of view. I would just like to say that we hope that this debate will close this chapter once and for all, although I suspect that it will make a very interesting study for University students or somebody else as far as the political history and the political culture of Barbados is concerned. I cannot guarantee that discussion on it is absolutely finished once and for all.

As to the Government's part of it, I am proud of and appreciate the support that we have garnered from all sides of the Chamber. I am proud to be part of an Administration that has sought to repay in some small measure. We could never fully compensate for the trauma, the damage to the psyche, the loss of self-confidence, the loss of self-respect that many people suffered apart from the loss of their own material possessions and what not.

We feel that is just a gesture and a token by this Government on behalf of the other taxpayers of Barbados for the sacrifice made, although they did not make it because they wanted to but they felt they had to and they should have in the interest of Barbados.

On the separate motion of SENATOR HON. G. S. H. MURRAY, the Bill was read a second and third time, passed as cited and the Public Service Restoration and Emoluments Act, 2000.

ADJOURNMENT

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I beg to move that this Senate do now adjourn *sine die*.

In moving this adjournment, I would like to say that I greatly appreciate the tenacity with which Members stuck to their task today. This opening wicket was indeed an interesting one, this being our first session for the year. Persons have shown good skill and form and I just wish that Barbados could do the same thing in the Busta Cup and also the West Indies when they take on Zimbabwe and Pakistan.

Sir, I beg to move that this Senate do now adjourn *sine die*.

The question that the Senate be adjourned sine die was put to the Senate and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.
5.05 p.m.

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3. Customs Tariff (Amendment) (No. 5) Order, 1999.
4. Customs Tariff (Amendment) (No. 6) Order, 1999.
5. Duties, Taxes and Other Payments (Exemption) (Barbados Tourism Investment Corporation) Order, 1999.
6. Report of the Social Investment Fund for Quarter Ended September 30, 1999.
7. Report on the Audit of the Accounts of the National Insurance Fund for the Year Ended 31st December, 1996.
8. Parliament (Administration) Order, 1999.
9. Barbados Port Authority (Tariff Book of Dues and Charges) (Amendment) Regulations, 1999.
10. Annual Report and Statement of Accounts of the Insurance Corporation of Barbados for the Year 1998.
11. The Twenty-fifth Annual Report of the National Housing Corporation for the Financial Year Ended 31st March, 1998.

MOTIONS RELATING TO THE BUSINESS OF THE SENATE**SUSPENSION OF STANDING ORDERS****SENATOR THE HON. G. S. H. MURRAY 2**

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INTRODUCTION OF BUSINESS**SENATOR THE HON. G. S. H. MURRAY 2**

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