
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

THE SENATE

Wednesday, June 7, 2000

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, June 7, 2000, at 11.20 a.m.

PRESENT

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

Senator The Hon. P. C. GODDARD (Minister of Health) (Leader of the Senate)

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

Senator Miss C. Y. FORDE, L.C.P., J.P. (Parliamentary Secretary, Ministry of Education, Youth Affairs and Culture)

Senator T. E. BARKER, B.A. (Hons.), M.A. (Econ.) (Parliamentary Secretary, Ministry of the Environment, Energy and Natural Resources)

Senator The Hon. Miss O. P. SYMMONDS, G.C.M., B.A. (Hons.), P.G.C.E., J.P.

Senator Mrs. P. E. RICKINSON, B.A. (Hons.), M.P.H. (Harvard), S.R.N.

Senator C. K. LAURIE, D.I.C.T.A. (S.T.), FBSTA.

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

Senator G. E. N. BROME

Senator Sir John Stanley GODDARD, K.A., B.Com., C.A., Hon. LL.B. (Hons.) (U.W.I.)

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

Senator Mrs. J. P. ALLEYNE, Dip.Man. (Hons.), J.P.

Prayers were led by Rev. Father Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

PUBLIC BUSINESS

Mr. PRESIDENT: Public Business is the order of the day.

ORDER NO. 1 – BILL TO AMEND THE PENSIONS ACT, CAP.25

SENATOR THE HON. G. S. H. MURRAY: Mr. President, this measure in its simplest form is a Bill that would amend the Pensions Act to make provisions for persons who were casual employees of Government on or before July 1, 1971 and who have been appointed as Public Officers to retire at the age of 55 with a pension under the very same circumstances in which public officers receive a pension when retiring at that age of 55.

Sir, this measure represents a further step in Government's declared policy of converting casual employees to the post of public officers. It will be recalled that it was in 1997 that Prime Minister Arthur in his Budget announced that it was Government's clear intention to implement a programme to convert both casual employees and public employees to the status of public officers, a measure which would, among other things, enhance their security of tenure and considerably enhance their retirement benefits.

Sir, what is interesting about this whole thrust is that this step did not materialise as a result of any large scale agitation or any protest or demonstration or any threat of industrial action on the part of public employees or their representatives in the trade union sector. It stemmed from an initiative of Government, particularly the Prime Minister, who was not only concerned and dissatisfied by the

prolonged nature of acting appointments in the public service but who was also convinced that it was unfair, unjust and not equitable for there to be several layers of public employees in the public service.

Prior to the enactment of this measure, that is, the conversion of casual employees and public employees to the status of public officers, there had been basically some four categories of workers: there were public officers which were the apexes, so to speak, of the pyramid, there was that of public employees, that of temporary employees and then there were the so-called casual employees.

The casual employees, Sir, were at the bottom of the pyramid and for far too long they had been seen as the second class set of employees. They were being looked down upon by others who were more fortunate or more "higher status employees" in the public service, and apart from that they were the victims of certain disadvantages as a result of that status.

For example, there was little or no security of tenure. They were deprived of some basic things which some people take for granted, particularly if they had been public officers the ability to incur debt readily. For even though these persons may have had the wherewithal to pay and maintain the debt, what stood against them was the question of being casual employees.

Therefore, casual employees, Sir, carried a certain connotation that was not satisfactory at all for those persons. In this regard, in order to give effect to this measure, a number of very early steps were taken in 1998 to give realisation to this policy. Among them, Sir, were some early steps in terms of legislation where the Government put the following Acts in place: the Civil Establishment (Amendment) Act, the Pensions (Miscellaneous Provisions) Act in 1998. The amendment to the Civil Establishment (Amendment) Act gave casual and public employees the option to retain their statuses, if they so desired.

Sir, I would like to put on the record that we have been very scrupulous in maintaining and respecting the law. It was felt that even though we have been taking a measure which has been beneficial to the recipients, that in all fairness to them, with respect to their rights as citizens of Barbados, they had to be given the option to decide whether or not they wanted to enjoy this more beneficial status to improve their conditions of service, and this was done.

In addition, the Pensions (Miscellaneous Provisions) Act of 1998 bestowed on the former casual and public employees pension rights under the Pensions Acts for employees in central Government and also those who were subject to it, under the Statutory Boards Pensions Act, Cap 384 for those who worked at state corporations.

However, Sir, doing this did not preserve the right of those employees who would have been employed as casual employees on or before July 1, 1971 to retire at age 55. This was a right which they had under previous legislation and they should not be disadvantaged. Therefore, what we are seeking to do here today, Sir, is to bring to book a measure to make sure that in every possible way while enjoying the same entitlements as those who were enjoying the long-standing status of public officers, they at the same time would not be any worse off by losing any rights or privileges which they would have enjoyed under previous legislation.

It was estimated, Sir, that there would have been some 4 300 casual employees who stood to benefit from being upgraded to the post of public officers. There were about some 350 who would have retained this right who would have been in the service on or before July 1, 1971 and who therefore would have every right to retain the right to retire at the age of 55, if they so sought.

Therefore, Sir, I am very pleased to be able to take this step further and to make another progressive move in trying to bring to full resolution this measure, because the abolition of the status of both public employee and casual employee to me is equivalent to the step that this Party took in a previous administration when they abolished the status of "bastard" from the Statute Books. We no longer have any bastard public servants as they would have been. They would not have been termed but considered as casual employees, so we now have people enjoying the same rights and statuses and entitlements as others.

Sir, seeing that this applies to pensions, I think we should make note of the fact that many persons in their working lives particularly, when they are young and vigorous are not thinking too far down the future or are not thinking of their retirement, and not enough attention is paid to the question of pension and retirement benefits. Therefore anything that can be done to enhance the benefits of persons, in whatever category of work in Barbados, redounds to the benefit of the entire society.

Sir, if people are fairly well provided for in their pensionable years, it means that there is less of a charge being made on the public purse and there is less dependency, whether it is the Government, less dependency on NGOs or other institutions to provide for them in their time of most need and the time when they are most vulnerable to illness, diseases and to various frailties that ensue with the coming of old age.

Therefore, Sir, the casual employees who would have joined the service after 1971 only received a gratuity payment since their full pension benefits came

under the National Insurance Act. However, when they retire as public officers there will be some differences in the retirement awards as indicated and all to the better.

Sir, a maid, for example, who would have been a casual employee, now as a general worker, is likely to receive double her benefits as against what she would have received before. For example as a casual employee a maid who would have worked for 33½ years would have received a gratuity of \$12 060.91 and NIS pension of \$8 552.28. When that person retires now as a public officer, that gratuity jumps to a total of \$29 695.42 while there is a slightly reduced pension of about \$7 126.90. It must be emphasized that even though there might be a reduced Government pension which is less than the NIS pension, the officer on reaching age 65 would receive the NIS pension and therefore would not be disadvantaged in that respect.

That maid will also be able to retire at age 60 with full benefits while as a casual worker she would have had to wait until 65 in order to receive the NIS pension, which means that there was a period of five lean years on average for persons when they had to make out as best as they can. Therefore, this provision will give them a greater sense of security and all and all considerably enhances their livelihood and their well-being.

11.25 a.m.

Sir, the question of their pension has been a sore point for many years. Prior to the enactment of this legislation and from our experience in Government, we got approaches from persons who were seeking assistance of one kind or another, and it was felt that rather than having persons resort to charity as such and having to have these things dispensed on an individual basis that the whole scenario should be cleaned up to make it more beneficial for them, thus giving a greater sense of dignity to those persons who would have worked very hard in very essential positions in Government for over 20 to 25 years or more. These might not be very glamorous positions but there were essential positions in Government. Therefore, we felt that we should have one public service and we should have one category of public servant, namely a public officer.

Apart from this legislation there is the whole question of the upgrading of their status by their conversion from casual employees to public officers which will not only improve their retirement benefits but will also give them security in the sense that it will be more difficult for them to be dismissed than it has been in the past. Their case can now go as far as the Governor-General and therefore they have greater protection and the same right as other public servants and they can now walk tall and feel that they are secured and as recognised and as worthy as any other public officer.

From all reports, this act by Government has met with overwhelming response. Of the 4 300 plus casual workers, we do not know of anyone who has turned down the offer to become a public officer because they have quite readily seen the benefits to come their way by this measure.

This measure has been the result of the work done by the Ministry of the Civil Service in sensitizing the workers to the benefits of this measure. What we have done on their behalf was to have educational sessions with them where the whole range of benefits were explained and the provision of literature. Therefore, for each step of the way they were informed and advised as to what the implications were.

We could not have done that and made it as acceptable and as readily agreeable if it had not been for the full cooperation of the trade union movement who were brought in on the ground floor from the very first day when this measure was enunciated and when we started to operationalise it. The trade union movement was part of the process all along. We collaborated with them extensively and very intensively on it and this has helped to eradicate any possibility and minimize any difficulties and any sore point of irritation that would have ensued. They helped to make it easier and for that we are very grateful.

In order to make sure that this measure comes to full realization as quickly as possible, we established a special unit under the Personnel Administration Department whose day by day job was to see this measure through to its final conclusion. We were very cognizant from the very early days that if this measure was to be left to the general duties of persons who were very busy and under great demand coping with other measures, requests and activities of the public service, it would not have seen the light of day as quickly as it had. I also want to commend that unit for being so expeditious and being so efficient in bringing this to book, and for that we are also very grateful.

Sir, this measure has to be seen within the context of the Government's whole process of programmes for modernizing the public service. Government feels that if Barbados is to become competitive in today's world and in the future that along with modernizing the other institutions in society such as education, health and the private sector that the public sector itself has to be made more competitive and efficient if Barbados is to be able to play its rightful role in coping with the demands that are going to be placed on Barbados in this era of globalisation and trade liberalisation.

We have been the beneficiaries of a historically very sound and efficient public sector and largely we have maintained that heritage. While respecting and valuing that heritage of commitment, efficiency and dedication to the public of Barbados, we are at the same time trying to make things better for the workers by trying to make their job

easier and trying to make them more efficient as time goes on. Of course, members are familiar with the whole thrust of public sector reform but we have gone beyond that. We are not only looking at how institutions function, but we are also moving to look at how the public service on the whole functions.

Mention has been made earlier of a new Public Service Act which will be very broad-based and which will look at a number of measures that will make the Barbados Public Service more efficient, more effective, more responsive to the public and more responsive to the whole area of life in Barbados.

In this regard, a committee was set up to look at such areas as the accountability of public officers and the possibility of the establishment of a code of ethics to guide public officers as to their standard of behaviour. This committee will also make recommendations as to the functioning of the various commissions which were established for the management of the public service whether there be the Public Service Commission, the Judicial and Legal Services or the Police Service Commission. It will also look at mechanisms for handling the whole question of grievances.

The whole question of recruitment in the public service, appointment to the public service, promotions to the public service and discipline in the public service needs to be refashioned and remodelled. It is no secret, and quite rightly so, that there is a great deal of unhappiness with the inordinate length of time that is consumed in dealing with a number of these areas particularly the whole question of discipline in the public service. We are seeking to clean up this whole area and bring it in line with the modern day thinking and demands of the public and the modern day demands of the public service itself.

There is also the whole question of the establishment of a board of permanent secretaries. Right now, permanent secretaries – they are no more elitist than the nurses' association – meet in a committee at the end of every month to coordinate policy. This committee is set up to institutionalise the role of permanent secretaries and to give further form and substance to how they perform.

This committee under the terms of devising a policy framework to the Public Service Act will bring into focus the whole question of management and training in the public service. There is no doubt that the whole question of management and training is to make sure that the training that is undertaken does not satisfy an individual officer's particular needs and ambitions, but that it fits into the overall demands of the public service in general and that therefore

when persons go on training it is done for the benefit of the public service. Of course, the individual will also benefit but that training will not be tailor made for the individual but rather tailor made for the public service.

The Committee will also look at the whole question of staff relations, terms and conditions of service, the standard of behaviour in the public service, the structure of the public service and even service to the public service in general. This has a very broad mandate. A number of subcommittees within that committee have been working as recently as last week and it is expected that the committee report in which they will be suggesting the policy framework for this new Public Service Act will be forwarded to Cabinet by the end of June 2000. Another area that is also integral to the whole question of the modernization of the Public Service has to do with the regrading and reclassification of the Public Service. Preparations for that are afoot and well underway and very soon some definitive decisions will be announced so that we can make some more serious advancements in bringing about the regrading and reclassification of the Public Service.
11.35 a.m.

Therefore, Sir, I am pleased not only to report on this measure which considerably enhances the posts of the former casual workers but also to give a general overview as to what is happening with Government's policy thrust of modernizing and retooling, so to speak, the Public Service to ensure that we always have a Public Service that is ready to respond, well equipped and well prepared and that is in sync with both Government's programmes and policies and the demands of the Public Service and society in general.

I, therefore, have great pleasure in this proposal since it started. I am pleased to be able to participate in this debate at this stage and to make this one more step in regards to this measure. Apart from what we say here and when you receive telephone calls and letters and you meet persons from the Public Service in general who express their thanks to the Government, unions and everybody for at last giving them the recognition which they think was long overdue and should have been theirs, this reflects Government's ongoing desire to make life better for the Public Service in terms of increased wages, increased allowances, and improved physical conditions.

We are cognizant of the fact, Sir, that persons also need to feel good about themselves. They need to have a positive self image whether as individuals or workers because there really cannot be any separation. If you do not feel good about yourself as a good worker, you cannot feel good about yourself as an individual. The two are intertwined and, therefore, we feel that this cannot be seen in terms of what is written on paper, but one has to see the humaneness of it. One has to see the psychological implications and the impact

that it will have on persons who at long last can feel that they too matter considerably to the society and the Public Service of Barbados.

I, therefore, move that this Bill be read a second time.

Mr. PRESIDENT: Senator Collymore.

SENATOR B. R. COLLYMORE: Normally, Sir, I would not want to speak on this matter since it seems to be just another of the necessary measures that have to be taken as a consequence of the overall decision to do away with the category of Casuals. However, Mr. President, I need to put this matter in its historical context and dispel the notion that previous Governments might not have been as humane as the present Government in dealing with this matter of casuals.

I think the category of Casuals was built up as a necessary component of the organization of work in the Public Sector and, where many projects had to be undertaken, people were employed as and when they were required. When the project was finished, then there was no work for them. This had been a bone of contention with these workers for many years. Governments in the past allowed them to undertake other work like going on the Farm Labour Programme and going into the sugar industry when it was a very active part of the work force in Barbados. When they completed their assignments in the sugar industry, the Government would then start its projects to ensure that there was some work continuity for people who were categorized as Casual.

I believe that it is unique amongst Governments not to have such a temporary sort of work force. If you had a special problem of some sort or if you were embarking upon a new project, you would need additional workers but not for a continuous period. Therefore, if you do away with the category of Casuals, you are largely swelling your permanent work force without due regard to the amount of work that is available. I am not saying that there is anything wrong with these people becoming permanent. I am simply saying that in the order of things any Government or any employer will have the necessity for a temporary work force.

Now back to the historical context. Up to 1961, this category of worker was not covered for any form of pension and the Government of the day instituted a committee under the chairmanship of the Minister of Labour, Mr. M. E. Cox, to look at the question of giving these workers some form of pensionability given the fact that their term of employment had to be very spasmodic. That committee sat for quite a few months and came up with the novel idea of a Casual Employees Pensions Act. It was unique and probably still is

unique, certainly in the Commonwealth, to have any such arrangement. It was put on the statute book in 1961 and came into effect on February 01, 1962. So that the Government of one Party developed it and another Party implemented it which is in the nature of Governmental activities.

Now moving from 1962 right through until Independence and just after, the question of pensions assumed a completely different proportion, largely because of the swelling of the Public Service and partly because of the development of the National Insurance Scheme. I think that workers generally welcomed the idea of a National Insurance Scheme and the pension component of that Scheme I think is the most important aspect of the National Insurance Social Security. The Government, which as an employer has to make a contribution in the proportion of 50 percent or more of the contribution made on behalf of each worker, had to review its position on this matter of pensions. Given that the employer's contribution had to be made by the Government and given that the requirement for normal Public Service Pension fell to the Government, I think it became quite burdensome to continue giving pensions in the way that people had traditionally been accustomed.

In 1971 beginning with casual employees, the Government instituted an arrangement that said that casual employees employed before July 01, 1971 would continue to be eligible for pensions under the Casual Employees Pension Act. Those who came in after 1971 would fall entirely under the National Insurance Scheme. There were a series of amendments from 1971 right through which by 1975 incorporated all Public Officers and Employees. One will find that in 1974 there was an amendment relating to the whole question of Workman's Compensation. There were other amendments and then by 1975 there was this major amendment that said all people employed in the Public Service could not get duplicated pension. Therefore an account has to be taken of their eligibility for pensions under the National Insurance Scheme. Running parallel to that, was the problem of productivity of the public service, and successive Governments established a policy that effort should be made to give out major projects that would normally be done by the public service to the private sector and therefore, by extension, minimise the category of casual employees who could seek employment within the private sector. It was a stated policy by successive Governments.

11.45 a.m.

I remember clearly one Prime Minister on his way to lunch travelling in the direction of St. George came upon large number of MTW employees under the dunks trees and shades and two and a half hours later when he was coming back to work they were still under the trees. He summoned me and said, "How can I get rid of this category of casual employees without doing injustice to them?"

That Prime Minister was simply following the steps of a previous Prime Minister. Succeeding Prime Ministers established the same policy and maintained it that we should seek to minimise the number of casual employees if we wanted to improve productivity.

Reference has been made to discipline. It was easier disciplining casual employees than it is to discipline public officers. More than this, even with casual employees the process was very long-winded because all of them had lawyers and the whole thing took much longer than was necessary.

I am not saying that you should operate purely on the basis of what is the disciplinary procedure and whether or not you can discipline people quickly or not. I think that that is not justice itself, but we owe to the overall population some responsibility to ensure that they get service for the money that they as taxpayers are paying.

I have had great difficulty to see the measures of improving the lot of casual employees squaring with any concept of increased or improved productivity. I speak with some experience of this, having managed one of those Ministries that employed more casual employees than any other. A concerted effort had been made, as I said, by successive Prime Ministers to reduce these numbers, not put them out of work but one would see that after a number of years MTW did not undertake building projects, did not undertake major road projects. This was all part of the policy.

I am surprised to hear that there were as many as 4 300. When I left the public service it used to be about 3 000. Therefore, we have to be very careful about doing these measures and at the same time allowing numbers to increase in that sort of way, because the case of productivity is not served to have large bodies of employees who are not working to the level one associates with efficiency and improved productivity.

I think that it is absolutely necessary to have a regime of good accountability in the public service and it has to start with supervisors and managers. You cannot tell the ordinary worker that he is not doing the right thing, that he is coming to work late when the manager is coming late. I fear that these workers now see themselves as being asbestos, unfireable. We are not in any way enhancing our capacity to manage the public service if we have large bodies of these recalcitrant workers. Unless there has been great changes in their attitudes, I know that they are very recalcitrant.

When the policy was put in place there had been from time to time some consultation with the trade unions. I would

not expect a trade union to object to what they see as an improved condition of service for workers, so to say that the trade unionists were all for this, they could not be otherwise.

In earlier times when the policy that was announced and pursued was to reduce this category of worker, there were consultations with the trade unions and while they did not agree I think they saw the good sense in such a policy.

The question of dismissal etc. I think you should know that a public officer has the right not only to be heard but he also has the right of appeal in respect of certain decisions made on the grounds of discipline, and this appeal is to the local Privy Council. I do not know how often the Privy Council meets but I know that sometimes between the point at which the Public Service Commission informs an officer of its decision to discipline and the actual meeting of the Privy Council used to run into years. That officer invariably would be receiving his pay during the period that the case was still being heard.

Unless you have the machinery to cut this time frame down, you are just creating a greater expense for the public treasury if discipline is not carried out expeditiously. We used to have more disciplinary cases amongst that category of employee for obvious reasons than we had amongst public officers. Not that public officers were behaving so good. I think that because managers of the public service have no authority, absolutely no authority, to apply any form of punishment on employees, everything had to be referred to the Public Service Commission, while with the casual employees managers were empowered to deal with the matter of discipline up to a point.

An appeal procedure was allowed where the manager imposed a penalty which the employee considered to be unreasonable or wrong. Now that they are public officers any disciplinary matter has to be dealt with by the Public Service Commission which can set up a Board to carry out preliminary investigations and all that, and it must go to the Governor General ultimately with an officer having a right of appeal to the local Privy Council.

I think that it is not good to convey the impression that previous administrations did not think carefully about this matter of casual employees. I think, and I have to emphasise, that there was successive approval of a policy to seek to control the burgeoning numbers of casual employees as reflected in the policy to give out work to the private sector and in trying to bring the pensions requirements within the bounds of the National Insurance Scheme. It is probably not timely. It is probably a waste of time to be critical of that decision at this stage since it has been implemented as a matter of law. I could elaborate on this in such detail that it

might divert somewhat from the question before us which is pensions. All of these things have an effect on the cost of pensions, and I note from the Estimates that it is estimated that the cost of pensions in Barbados in the public sector might be as much as \$94 million in this current year.
11.55 a.m.

I warn that it will continue to go up because the effect of the expansion of the public service over the last 30 years has not been entirely felt yet. Most of them are up for retirement and that the cost of pensions will not be reduced in any short period, that this whole question of granting additional pensions should be seen in the context, not only of trying to be fair but all the resultant cost. Casual employees did have some extra benefits that other public officers did not have in this matter of pensions. Their pensions could count for at any age below the age of 18 so when you came in as an apprentice that period of service count for a pension under the Casual Employees Act. Also, when other people had to retire at 60 they were allowed to go on to work until 65 and there was no control such as applied to public officers which said that they must have 33½ years pensionable service. There were disadvantaged but I know that in the early days many of them benefitted by the fact that their pensions could be counted from the age of 14 and at the kind of ages when they were apprentices in the system.

The piece of legislation which we call the Casual Employees Pension Act, which we have sent on request to many Governments to see what we had done was not ideal but it was certainly a masterpiece of ingenuity by that Committee and the acceptance of it by Government subsequently at the time. I do not want the impression to be given...

Asides.

SENATOR B. R. COLLYMORE: I have to say it because I do not want the impression to be given that previous Governments were not sympathetic towards casual employees when the whole development of the casual employees' system was based on the best intentions of the Governments of the day.

I, therefore, wish to record those few views which should alter the Act itself or its validity because those views might not have been heard throughout the many years and the many pieces of legislation that have been brought before Parliament on this question of the abolition of casual employee status.

SENATOR THE HON. Miss O. P. SYMMONDS: Mr. President, first of all I wish to say that I support this Bill with much enthusiasm. It is just, it is sensitive, it is humane and it gives greater security of tenure, a greater sense of self-

esteem and what I noted when Senator Murray was leading off is that it deprives people of the ability to incur debt and on the whole is more beneficial.

I also want to emphasise that I listened very carefully and I did not get the impression at all that Senator Murray was making any comparisons. He was just stating what is a fact that this Bill gives enormous benefits to casual workers.

Sir, at a time of public sector reform there is an area related to pensions which I think is burdensome and could be corrected. I think because we are dealing with pensions that it is appropriate that I express my concerns because it has been brought to me by some other pensioners. It concerns the system of life certificate which, I think, should ideally be discarded, if at all possible. It would save time and money and remove a burden particularly on the more elderly pensioners and shut-ins.

Asides.

SENATOR THE HON. Miss O. P. SYMMONDS: Its operation creates much unnecessary on the part of a number of departments. I.D. numbers were invented to cut a great many corners and I think it is the age of 16 where one has to get a national registration number and in cases of post-mortems the I.D. number has to be put on it and that may be a way of helping to deal with it. Another possible solution would be to request the General Registrar either on a daily, weekly or monthly basis to provide the Accountant General with the names of deceased persons. That does not mean that there will always be pensioners listed among those. If it is felt that there should be further safeguards then perhaps one could look at the NIS life certificate which is required every two months or be it only in cases where the pension is deposited on the bank and sometimes some pensioners may overlook it. I must confess that it has happened to me on a couple of occasions.

Conversely, the Government pension life certificate is required every month. I feel, therefore, that there should be some consistency either discard it completely or reduce its frequency. I am confident, however, that this caring, visionary, Government will give some attention to this as it does to any innovation which will make a better life for our people.

With those few words, again I support the Bill and thank you, Mr. President.

SENATOR Mrs. P. E. RICKINSON: Mr. President, I rise to support this Bill to amend the Pension Act, Cap. 25. I do agree that it is humane and it is sensitive. The reason I am saying that, it means that these officers no longer have to give sexual favours in order to keep their job. They

are no longer in a position to be told that if you keep your legs cross you will stay at home and you will not get a job. They are no longer in a position to be told that you have to give me a bottle of this or you have to bring something for me if I keep you on the staff. These are real things that happen to some of these workers in order to keep their jobs. Mr. President, there is no point sweeping it under the carpet because it is very true. Mr. President, I am happy for these persons, so that they can work and hold their heads high and enjoy their wages and salaries. I fully support it.
12.05 p.m.

However, Mr. President, there is also another category of worker that could be classed as casual workers and these people are employed, not as maids at the District Hospitals and the Geriatric Hospitals, but they are employed as untrained Nursing Assistants who are suffering the same fate. I am pleading for them to be examined because several of them have worked up to five or ten years and have been overlooked when the posts of Health Aides were established and they are very hurt because they have given yeoman service for many years as short nurses. I feel that the same caring, visionary and humane Government which has done these things for these casual workers, can extend the same favour to those workers at the Geriatric Hospitals and District Hospitals in particular. Not so much the Psychiatric Hospital and I will tell you why. Those sort of untrained nurses tend to go on into training in the schools and are not kept on the staff for long periods of time as done at the Geriatric and other District Hospitals. Mr. President, although I am very glad that these persons will now receive a pension like other public officers, I sincerely hope those in this category will also be placed in this position.

I am worried whether or not Government will have money to pay pensions beyond the next ten years or so, because we are all living longer due to improved health conditions; due to an improved economy and a high standard of living. It is true that there are a few people who are in the younger age group who are the casualties of such diseases such as AIDS. Daily or monthly we read in the newspapers of persons 100 or 104 *et cetera*. Many of us are living longer, which means that Government must make provision to have the money to pay pensions when we reach retirement. The same situation exists in England and America. They are all concerned about not having the money. I feel that we need to be doing a bit more here in Barbados.

We need, for example, to look at the age of the worker. If we are going to increase it, I know that it might not be popular but I think that the time has come for us to look and see if we have to increase the age of retirement, and by how much, so that people coming into the service, will know that when they are employed in the Government service they will not be able to get a pension at age 60 but at age 65 or 70 as the case maybe. At least that is one way one can look at it.

Other Officers can be given the option to work when they are older. Mr. President when one is fit and in good condition, I think that after people retire and they are at home for about six months, some of them tend to get fed up and tired and would really like to go out and find some work to do. I feel that the time has come for us to look at areas where we can increase the working age so that the contributions will be there to service those persons of pensionable age.

Mr. President, I agree with most of what was said. I want to say something about Public Sector Reform but I think it would be stretching it a bit far under this Bill.

Sir, I support the Bill.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, Sir, in winding up this debate I feel constrained to respond to a number of issues raised, either real or imagined, either stated or insinuated or just plain things that were not said.

Sir, I am afraid that Senator Collymore totally misunderstood what I was saying when he came to the conclusion that I was implying that previous Governments had not been as humane as this Government. I was merely stating what this Government was doing. If I did tread on any corns or injured parts of anybody's body, physically or even their ego, I am sorry, Sir. It was not intended.

Asides.

SENATOR THE HON. G. S. H. MURRAY: The point is, Sir, that, like Senator Collymore said, the Barbados Labour Party Government, in 1961 started the process, that was a BLP Government and in 1962 a DLP Government effected it. I in no way, Sir, intended to indicate that other Governments were not thinking about it or had not thought about it, but of course other Governments thought about it. As a matter of fact, in 1979, Sir, the Solicitor General in an opinion on the whole question of casual workers gave an opinion in which the Solicitor General said that a washer woman who habitually goes to a private house to wash every Friday and on an alternate Tuesday is not engaged in casual employment, because it is stable as well as periodical. Again in 1982, the Solicitor General said that if the employment is periodical and regular then there is stability of employment and hence the employment is not of a casual nature.

Sir, in 1979 and 1982 the Barbados Labour Party Government had been thinking about it too. But this Government not only thought about it, it acted. It acted to bring to an end what was for too long a very sad chapter in people's minds.

As Senator Collymore spoke, it brought back to mind some of the protestations that had come from persons when we sought to convert casual workers to public workers. There is no doubt that the whole realm of the casual worker reeks with a great deal of prejudice from public officers. Therefore it was a long-standing belief that casual workers did not work. Casual workers were recalcitrant; casual workers were not worthy.

Sir, as to Senator Collymore's fears about the swelling numbers in the category of casual workers, the Government in converting the casual workers to public workers has also imposed a policy whereby any department, including public works which would have been the greatest of area of the generation of these jobs, if there is any perceived need for increased workers, has to go to the Ministry of the Civil Service where a rationale has to be established, where the case has to be analysed and justified. That also has to come to the Prime Minister both as Minister responsible for the Civil Service overall and the Ministry of Finance for analysis. So persons can no longer employ persons off the street at a whim and fancy. There are checks and balances instituted. Therefore, while Senator Collymore's fears are well intended, Sir, I assure you that that has been thought about and there are protective measures in place to protect the public purse where that is concerned.

In a nutshell, Sir, we do not think that it is a case, when I looked at some of the comments of Senator Collymore, and I know that it is nothing personal but I know he reflected a certain thinking. It reminded me, Sir, of some of the terms used about the casual workers and it reminded me of some of the terms I used to read about the happy slave and the happy natives.

12.15 p.m

Asides.

SENATOR THE HON. G. S. H. MURRAY: They had disadvantages. They had problems, they had inequalities which they suffered but there were some aspects of them where the "advantages" made them happy. There was no such thing from what talking to them tell me, as the happy casuals who could go and work in farm labour or go and work on a construction site or whatever. That was not mentioned. What they wanted was security; what they wanted was respect and what they wanted was due reward. All we had to do was to provide a framework for them, Sir. I am positive that with the right management in place, with the right supervision, and in this framework, now that they have seen the benefits of what is being offered to them, I am sure that they will rise to the occasion.

Many of them have told me, Sir, that they are not only satisfied with the enhanced benefits that these measures will give them, they also are thinking of taking advantage of some of the existing facilities for securing their future in

terms of pensions, whether it be investing in mutual funds or the pension schemes of the insurance companies and they have been re-educated now as to the possibilities of what they can do, now that they see themselves not as casual and not as transient, but that they have a stake in the future of Barbados and a stake in the public service.

I am glad to see that they have risen to the challenge and I hope that the unions and the other institutions that cater to them will not only look after their welfare in this regard, but institute a whole programme of educating them as to how they can provide for their future as regards pensions and retirement and whatever.

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

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. G. S. H. MURRAY, the Senate resolved itself into Committee for further consideration of this Bill, Madam Symmonds in the Chair.

COMMITTEE

Madam CHAIRMAN: The Senate is now in Committee.

Clause 1 was called and passed.

Clause 2 was called.

SENATOR C. A. MASCOLL: I rise to speak on the details of Clause 2, and this relates to section 9A.

My reading tells me that in the early days of the public service, certainly prior to 1971, several civil servants of the day might have been seconded or might have migrated to other Caribbean countries. My contribution really is to question the status of such persons who might have been seconded or migrated to other Caribbean countries prior to 1971 and to ask questions as to their privileges under the Act in terms of pension rights.

It also goes a little deeper than that in that I think we are all aware of what CARICOM is proposing in terms of the free movement of labour across the Region. In light of the amendments that have been made, I am simply asking, in a new environment where there is free movement of labour what kind of privileges, if permitted, would, say a Guyanese public servant permitted to come to Barbados to work in the public sector, be entitled to? Would you be able to carry the privileges from Guyana to say, Barbados, and would you be entitled to similar kinds of pension rights as stated under the Barbados Act?

So that my query really, as I said at the outset, is twofold. When I visited other Caribbean countries I saw that several Barbadians were able to go and head organisations like the Post Office and the like, in St. Lucia. In St. Kitts, several teachers were able to move across the Region and I am aware that some people have in fact, returned to Barbados to continue this service and that there was some anomaly as to what the entitlements should be in that regard.

On that score, I am making, first of all, a backward looking observation and secondly, a forward-looking observation pertaining to the rights and privileges that public servants may be entitled to, under a true CARICOM situation where there should be and would be harmonisation of all kinds of policies and privileges.

Thank you.

SENATOR THE HON. G. S. H. MURRAY: I just want to make a brief reply to some of the questions by Senator Mascoll. While I am not at liberty to indulge in any large scale speculation as to what the likely outcome of a truly harmonised CARICOM situation would be, what I can say for sure is that when Barbadian public servants are seconded elsewhere, whether it be within Barbados or outside of Barbados, their pensions are protected. There is never any quibble about that when they are being seconded. Therefore, when they do come back to Barbados and to the Barbados Public Service there is a continuity of their pensions. Therefore, I cannot really indulge in speculation about the quotability of pensions. I can only speak from what I know of and that is that there is protection of the pension rights of Barbadian workers when they are seconded to work elsewhere.
12.25 p.m.

Clause 2 was called and passed.

On the motion of SENATOR the Hon. G. S. H. MURRAY, Madam CHAIRMAN reported to His Honour, the PRESIDENT, the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motion of SENATOR the Hon. G. S. H. MURRAY, the Bill was read a third time and passed and cited as the Pensions (Amendment) Act 2000.

ORDER NO. 2 – RESOLUTION TO APPROVE THE BORROWING OF THE SUM OF TEN MILLION DOLLARS (\$10 000 000) FROM THE NATIONAL INSURANCE BOARD FOR THE PURPOSE OF THE CAPITALIZATION OF THE NATIONAL HOUSING CORPORATION'S HOUSING DEVELOPMENT PROGRAMME FOR LOW INCOME HOUSEHOLDS

SENATOR THE HON. P. C. GODDARD: Mr. President, I rise to move the passing of a Resolution which

seeks the authority for the guarantee by the Government of Barbados of a loan of \$10 000 000 to be borrowed by the National Housing Corporation (NHC) from the National Insurance Board for the purposes of the capitalization of the General Workers Loan Scheme and the provision of housing finance for low income households.

The loan will be for a period of ten years and there will be a two-year moratorium on the repayment of the principal. The loan principal will be repaid in semi-annual repayments and the repayment of interest will be semi-annually at the rate of 8.75 per cent per annum and will be accrued from the date of disbursement to the date of first payment. This Resolution will give effect to the guarantee by the Government of Barbados for this loan.

The General Workers' Fund is a combination of a number of Government housing financing initiatives for low income households. The General Workers' Housing Loans Programme, the fourth and most recent initiative of the National Housing Corporation (NHC) is a special window for short-term loans where beneficiaries are able to borrow up to \$5 000.

The General Workers' Housing Loans commenced in 1986 with an initial capital resulting from an accumulated inflow of \$3.8 million over the years 1981 to 1986. Since that time, the Fund has received some \$13 million through loans from the Housing Credit Fund and the National Insurance Scheme. These loans were negotiated over the period 1997 to 1999.

Since its inception, the General Workers' Loan Scheme has approved loans for 3 992 borrowers but has actually benefitted 3 729 borrowers. In monetary terms, the Fund approved approximately \$50 million but disbursed some \$34 million over that period of time. The Fund now has some 1 339 accounts with an outstanding balance of \$16 666 278.00. Of these accounts at August 31, 1999, some 252 accounts representing approximately 18 percent were in arrears. In terms of the money value of the arrears, the balance was just over \$1 million or approximately 6.4 percent of the total.

In attracting this new amount, it will coincide with increased procedures for the collection of payments and the management and analysis of the loan portfolio which is going to be strengthened. That has already gone into place where the strengthening of the management of this Fund would be improved to assess the ability of those to repay it as well as to follow up more closely on the collection and management of this Fund.

This will provide for additional capacity to the National Housing Corporation (NHC) to provide low income houses for those needy individuals who require this type of housing

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

SENATOR C. A. MASCOLL: Mr. President, I have heard it all before. Some two and a half years ago, the Government raised some \$50 million in loans specifically to provide housing finance for low income households. The first tranche raised \$30 million of which \$22 million was put on a deposit at the commercial bank such that the interest payment on the bond exceeded the rate on the deposit by as much as \$1.2 million per annum. In short, we were losing \$1.2 million every year as a result of that \$22 million deposit.

We were told that the proceeds would be made available for small black working class people to have access to better housing. Then we were told instead that we were going to build a new office to house the VAT personnel at Warrens and that we would make space available for rent such that the proceeds from the rent would then be made available to build low income houses.

12.35 p.m.

Now at that time even if Government was able to rent office space at the building that has hardly reached half way at this stage and has been thwarted with all kinds of difficulties and expenses and remains far from finished, they might have been able to get a million dollars. But sense will tell you that if you accumulate \$1 million over a 20-year period, you would have \$20 million plus some interest if you put aside the \$20 million in a deposit and that would be inadequate to build low income houses for Barbadians. Remember that it will take 20 years to accumulate \$20 million and I could not understand the thinking at the time.

Now the NHC has done nothing in the last 5 years to convince me or any other person that is reasonable that it can manage its own affairs. In fact, it operated at a loss of about \$15 million the last financial year and the accumulated deficit of the NHC is about \$75 million as I speak to you.

It is wonderful to be a public sector enterprise because only a public sector entity would be able to raise this money and be in such a state of financial decay. But the loan is guaranteed by Government and it is being borrowed from Government because the NHC is Government. This is a fortunate state of affairs. What is at play here is the constant appeal to the low income and poor income, average individuals who are many. This is the sales pitch of the Government, but they ignore the capacity of the NHC to

manage its affairs. They ignore that the NHC was badly managed under the previous Minister who was then switched to Tourism and who has now been fired totally out of the Government setup. He left a poor state of affairs at the NHC. Nothing has really happened within the last year to suggest that there has been any turn around.

I, therefore, have real difficulty in understanding what is there that the NHC will do with this \$10 million to provide low income houses and where. Mr. President, what really is a low income house in Barbados today?

Again, in recent times the NHC built some houses at Apes Hill which I criticized bitterly in this Chamber some time back. The persons who were supposed to own these houses at Apes Hill were given the assurance that monies were available in abundance. It has turned out to be the case that monies were not available in abundance and the NHC has now turned around and reorganized its whole thinking such that persons can now occupy those houses and pay the NHC as if they had, in fact, acquired the loan for the purchase of the house. This is purely gymnastics given that you are unable to provide the financing that you had assured people they would have, and you have now decided to put a system in place which gives the impression that you have already acquired the loan which you have not. They will pay as if they had received this loan at concessionary rates so that they can occupy the home for the time being. That is another remarkable twist of financial management.

Again, I can think of no private sector enterprise that will go such a route. But we are providing resources for the low income, average Barbadian mainly black. That is the sales pitch.

Now the evidence would suggest that we need to restructure and reorganize the National Housing Corporation. The evidence would suggest that it has done a poor job even in the building of a headquarters. If you pass Country Road, you would see a building that has been in preparation for the last two years not yet halfway. There are people who actually live on the premises of this new site. If you pass there at 7 or 8 o'clock at night, you will hear reggae music and all kinds of things playing from the site or premises of the NHC's new headquarters. Again, it is an amazing thing that we could have such faith in a corporation that has clearly demonstrated the lack of competence in managing its own affairs, but is now being allowed to borrow \$10 million more to add to its existing financial misery as I speak to you. There are several people who were given the belief and were told to come and access the funds which are available in abundance.

Now we have a situation in which several people went forward and entered into contract with vendors, went through the legal process, signed on the dotted line and then did not have access to the financial resources. As a result,

they are increasing their liability to the vendor from whom they promised to purchase, but because of the lack of finance they were never able to purchase and thus would have complicated their financial woes even further.

The institution that is called the NHC that was supposed to provide relief for low income Barbadians has succeeded in increasing the financial woes of the average low income earner. That is a remarkable twist, but yet still we find it easy to guarantee a loan now for this same corporation that has failed miserably. What compounds this situation is that in the last two years we were told that there were all kinds of reorganizations of the different Departments to ensure specialization. There was, in fact, a new department established to guarantee greater efficiency at the NHC. What has happened apparently is that the person who initiated such a restructuring has been restructured totally out of the Corporation. I cannot call any names but the evidence is there to see.

12.45 p.m.

I think that the Government has certainly felt a sense of let-down in the functioning of the NHC. The transfer of a Minister and subsequent removal is testimony to that. Now we have a new Minister who tries his best and who has tried so hard that he has been able to locate almost half of the houses in his constituency. He has done a remarkable job, but he has gone so far that those on the other side of St. George representing the area have complained, so we have the new Minister making such efforts that they have certainly been rewarded by the location of one or two new homes in his constituency.

While I understand the sales pitch in the Resolution that the loan will help to provide financing for low income households, I have grave difficulty understanding how a National Housing Corporation that has performed so poorly in the last five years will be in a better position without any reorganisation or any restructuring to manage these few funds to the benefit of the people.

SENATOR THE HON. P. C. GODDARD: On a point of order, Mr. President. The Honourable Senator indicated that he could not understand how the National Housing Corporation could manage the loan without any restructuring. I very clearly stated in my opening remarks that there was a restructuring, that there was a refocusing of the skills necessary for the analysis and disbursement of the loans as well as the collection and repayment of loans to keep the loan in a healthy state.

SENATOR C. A. MASCOLL: Mr. President, that is old wine in a new bottle. I have heard that. I have read reports by the accountants and annual reports. I have read the

analyses on the whole question of the collection of rents. I have read about the costs associated with the running of the NHC.

While I can understand again the sales pitch that there will be a reorganisation and restructuring of the NHC, I have little confidence that it will be effective. I have little confidence that we will see any change in the affairs of the NHC to pull it down because we were promised about four years ago that the entity would become self-financing, that it would get involved in private sector ventures to its own benefit and rather than there being a reduction in the losses, there has been an escalation in the losses of the NHC, so on the basis of the evidence, not mere talk, the NHC has, in fact, performed more poorly over time.

I speak frankly but I would certainly wish that something is done to effect change at the NHC in a way to protect the resources of the poor people of Barbados. It is the taxpayers' money that has to run this organisation so therefore all I am asking for is not just to speak to the issue but to truly restructure the affairs of the NHC to demonstrate a greater level of competence to ensure a wider distribution of the limited resources which are available for low income people.

Again, the objective may be laudable but when you look at the reality, you do not get the impression that anything is being done to correct all the wrongs at the NHC. What you are getting is the emotional, emotive appeal of Government, as I said earlier, to this whole question of the average Barbadian, black man, without consideration that what is being spent at the NHC happens to be the funds of hardworking Barbadians.

In that regard, greater care has to be taken to ensure that the limited resources are more effectively distributed across the board in the interest and, hopefully, the upliftment of the same low income people who we find very convenient to appeal to whenever we are seeking to sell an idea.

On the basis of its own record, I cannot see where the NHC will be able to generate resources to allow it to repay this loan. I cannot see where the NHC will be able to generate resources to allow it to be able to repay the interest in the short-term. Therefore, I have severe difficulty in accepting that the resources which are being requested will be effectively and efficiently managed in the interest of not only the Government but the wider cross section of the Barbadian public, and Barbadians on a whole, for the ultimate financing of this Corporation.

I thank you, Mr. President.

SUSPENSION OF SITTING

SENATOR THE HON. P. C. GODDARD: Mr. President, I move that this Sitting be now suspended for one hour to reconvene at 1.55 p.m.

The question that the Sitting be suspended until 1.55 p.m. today was put to the Senate and agreed to and Mr. PRESIDENT suspended the Sitting accordingly.
12.55 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR Mrs. P. E. RICKINSON: I rise to support the Resolution for the borrowing of \$10 million for the National Housing Corporation for the development programme of low income households. I am very glad that the continued attempt is being made to make low income households available because I think that is one of the social responsibilities of any government.

There are a number of persons who are below certain income levels and therefore do not qualify for mortgages from the traditional places like credit unions and banks, and there are those who sometimes work part-time and do not have large sums of money available to pay bank loans that are very high.

What I would like to see in this project is that an attempt is made to reduce the construction cost of the low income houses. There is no need to put trowel plastic on the walls. The walls can be plastered and painted with different types of paints that are available in order to cut down on the cost. I feel people would be willing and happy to receive a home that they can afford.

Another area in which I would like to see a change is where some people can repay loans but will not do it for one reason or another. Those who refuse to repay loans should be penalized and this is where the reorganisation and strengthening of the management of the National Housing Corporation should spend a lot of time. On the other hand, there are some areas where there will be people who legitimately cannot afford to repay some loans and I think that in that case the Government should subsidise the repayments on some of those loans. They should be made to pay what they can afford. The hard core who are working should be made to pay back their loans. There are some who have children who are working who live in some of these areas and one would have to do quite a lot of research and compile a list of the actual owners of the homes and the incomes in providing these low cost homes for people.

There is no point the Government being owed money when a person has a car outside their home, when a person has stereo equipment like persons in upper income brackets. It means that they have their priorities wrong and need guidance and counselling. In a nutshell, what I am trying to say is that Barbadians must be made to accept responsibility, they must be made to pay their debts. They must not see the Government as here to give handouts because they are members of a political party or because they know someone. They must pay their dues. It affects the whole society. It is the taxpayers' money that builds these homes and it has to be spent wisely.

In this respect, I think that a national educational programme should be done via the electronic and print media and announcements should be made during peak time when programmes are aired – Days of Our Lives and the Young and the Restless. When people are viewing there should be spots to let people know what their responsibilities are and they must be told they will be censured if they do not accept responsibility for clearing those loans, unless they can show reason why it is not possible for them to pay their loans.

Finally, I would like to say that in the strengthening of the management, the National Housing Corporation has to be very careful and make sure that they employ persons with the expertise that is needed. The time has long passed for giving political patronage in areas of administration. I support patronage, but this is not the place or time for political patronage. It has to employ an accountant and manager, persons with demonstrated qualifications and skills in these areas.

One has to employ people who can communicate with persons regarding their responsibilities. Another thing I would like to say is that people seem to feel that at the National Housing Corporation kisses go by favour, that you have to know somebody there in order to get a loan. The National Housing Corporation has to do a public relations programme and let people know this is not the case, that it is transparent and that they will be given houses on time.

It is a good Bill and I support it wholeheartedly. I do not think it is enough because we must remember the masses of people in this country are poor low income people and Government will have to use its social conscience in helping house these persons.

SENATOR Miss C. Y. FORDE: Mr. President, I shall try to be as brief as possible in the light that the points I wanted to make have been touched on by other Honourable Senators. I agree with Senator Rickinson regarding the transparency as well as accountability.

I want to support this Resolution because I know the demands are growing. In every ten individuals one sees daily

three are asking about house ownership, they want to buy land, they want to buy a house, they want to rent a facility. We know Government is working with the private sector in helping to meet some of the needs of Barbadians. Indeed, we have various projects that have been started by the private sector where facilities have been made available at Barbados Mortgage Finance and other institutions like the credit unions and banks where individuals can borrow funds to be able to set up their own homes or to be able to purchase homes.

At this point in time we are all aware of a number of things happening in this country, particularly the repairs that Government has to undertake regarding housing units. I touch on this because many of the units would be 15 to 20 years old and some of them have roofs of asbestos, some of them have windows that are falling out and other problems over the years because of the depreciation of the facility.

I know that Government has made a conscientious effort within the last four to five years to try to upgrade the units. We cannot have hundreds of people living in units as they become run down to the extent where because of the asbestos in the roofs individuals will tend to fall ill or the windows are falling out to expose persons to dangers. So the efforts have been ongoing in that even day before I went out to the Holders Hill area and some of those units in Haynesville are repainted. All the windows and doors have been changed.

Many days people call about problems with the toilet facilities and the doors and other parts of the buildings and Government has made funds available so that those houses that people are currently living in are repaired to the extent that they are made liveable.

We also are faced with the problem of delinquent tenants. That is one that concerns me most because I pass and I see some of the housing units where individuals have added on to the existing building that Government has offered but many of them are not paying their rent. I agree with Senator Rickinson that they should be paying their rent before they think of owning their own cars. There should be a commitment to fulfil your role. How can an individual pay light bills, pay telephone bills, pay STV bills but not pay the house rent? I support the call for strengthening of mechanisms where the rents can be paid by those tenants who are currently delinquent.

As you would appreciate, Mr. President, 95 per cent of those residents may be paying their bills. Some individuals owe \$10 000 or \$15 000 in rent. There has to be some other proper way of funds being collected so that the money can come back into the system and help with funding that will assist others in this regard. Mr. President, we all know of

individuals and indeed, Senator Mascoll knows of individuals who were able over the last two years to access \$5 000 loan through the National Housing Corporation. This, Mr. President, was used by individuals for repairs. Take for example, I saw a lady on Sunday morning with seven little children and she said that all she needed was \$5 000 to buy about four windows and put in a few rafters before the rains come in. Those are some of the reasons why individuals were able to access the \$5 000 and they have used it. That is what poor people do, they help themselves. They get a meeting turn or two and they put that \$5 000 with it in order to be able to complete the building or the setting up of a toilet facility or whatever.

2.10 p.m.

Sir, many of those loans were disbursed last year and that pleased my heart. If an individual only need \$5 000 to complete a job and there is facility made available, as long as there are proper checks and balance put in place so that the individual have a way of repaying and checks are going to be made to ensure that that is done, I support that one hundred percent.

Mr. President, National Housing Corporation is also lending to individuals for the purpose of house spots. All over the length and breadth of Barbados people are talking about having a little house but they have been given notice from the landlord and they need house spots. Government is making house spots available and the National Housing Corporation is lending for individuals to be able to get their house spots and some are able to rent their house spots.

With regards the comments that Senator Mascoll made about Apes Hill. I do not know if his Apes Hill is the same Apes Hill that I know in St. James where janitors, persons who sweep and clean the buses, individuals who work in Sanitation on the truck and so on are living in that Apes Hill today.

Asides.

SENATOR Miss C. Y. FORDE: I visit that location, Mr. President, every day of the week and I know the individuals who live in the houses and the employment they have because Barbados is small and I know who lives in St. Andrew, St. Joseph, St. Peter, St. Thomas that have gone over there. They are working class people who have been given access to loans or mortgages in the range of \$45 000, \$50 000 and \$60 000 depending on the size of the land.

Asides.

SENATOR Miss C. Y. FORDE: Mr. President, there are not wall houses, there are chattel houses with water borne toilets added. There are what we will consider to be starter

houses because there is space enough that persons can continue to expand their houses as time progresses. The Apes Hill that Senator Mascoll mentions is really not the Apes Hill that I know. I know that Government has to have a commitment to low income workers to ensure that they get access to facilities that they can be comfortable – and their families.

At the same time, I support the call as well and I support the exercise that Government is undergoing in ensuring that middle class individuals also have access to loans. I know, Sir, that most of them are recommended to the Barbados Mortgage Finance Company so that they can access loans.

Mr. President, in closing I support this Resolution and I also call for proper structures to be put in place so that individuals who have access to the loans can repay and that proper checks and balances are put in place to ensure that Government's money is repaid so that whatever money comes in can roll over to help with the repairs of the other Government units and other facilities that Government is responsible for because this is the only way that we as Barbadians can all work together to help the working class, middle class and others to be able to live comfortably in Barbados. We all want ownership and there has to be benefit but at the same time individuals have to be made aware that they have a responsibility to repay the money that has been loaned to them or they have a responsibility to prioritise whatever it is that they are doing to ensure that that roof remains over their heads.

I am really honestly looking forward for the Government and I know that the Ministry of Housing has indicated that plans are afoot for the sale of those units, that people in Kensington Lodge and other areas can have access to their properties to buy them and live comfortably ever after.

Mr. President, I want to give my support to this Resolution of the borrowing of \$10 million from the National Insurance Board for the National Housing Corporation so that Barbadians can get a better life.

SENATOR Mrs. J. P. ALLEYNE: Mr. President, I too will be brief. I stand in support of this Resolution because despite all the problems that I seem to be hearing it means that this Government is still proceeding to help the low income people of this country to house themselves.

Mr. President, it really amuses me when I listen to people in Opposition because people in Opposition seem not to speak as though they were once in Government. I know that the meaning of the word Opposition is to oppose so I believe that that is what persons in Opposition do, they oppose for whatever reason.

Asides.

SENATOR Mrs. J. P. ALLEYNE: Good or bad, they oppose, Mr. President.

Mr. President, in the 1994 Elections when I canvassed in the constituency of St. John I went to a place called Coach Hill in St. John where there is supposed to be a Government housing unit which the Democratic Labour Party had put in place and I was appalled at how deplorable the conditions of those housing units were in St. John. This was all during the time when the representative for that constituency was the Minister of Finance in this country and could therefore, have done something to those housing units. I really do not understand how Members now in Opposition want to cut down this Government who is doing its upmost best to house the people of this country.

SENATOR Mrs. J. P. ALLEYNE: I say utmost best for emphasis because you can also do your utmost worst as well.

I have heard Senator Mascoll talk about if the institution were a private institution that it would not be \$75 million or whatever he claims it to be, in deficit but there is a great difference between a public sector agency and a private sector agency. First of all in the private sector agencies people would not be allowed to get away with certain things which they are allowed to get away with in the public sector agencies – the other Senators referred to things like paying rent.

Mind you, as the good Senator said here people would pay their electricity bill because they know that the electricity would be cut off, so they would run and pay that. They are going to pay the telephone bill because if they miss one month it is going to be cut off but water belongs to the Government so they know that they can stretch the Government before they pay the water bill. The rent is the same thing, they know that they can lean on Government and they will not pay the rent. How do you expect an institution to be profitable if you have these persons who, after Government has helped them, do not live up to their commitment so that not only do they make good for themselves but help the others who are coming along behind who need the same things that they received.

Mr. President, I know that we have a lot of young people in this country who need housing. I have a youngster who I took under my wing, when he left one of the Children's Homes, and he was renting. The person who he was renting from is now ready for the house. He came to me and said that rather than go and look for somewhere else to rent, that he would like to own a little house. He is 21 years

old, Mr. President, and good enough in his thinking that he would not like to keep renting all the time but he would like to buy a little.

2.20 p.m.

I am sure that a facility like this would be able to help persons like him who are interested in owning a little home despite the other circumstances. He cannot go to a bank. The Bank is not going to help him. So I am glad for institutions like this, and I am glad for a Government which is ensuring that it is helping an institution like this to help the young and lower income people of this country.

Mr. President, I really don't have very much more to say. I heard the allegations of the National Housing Corporation of being managed. I will have to agree with Senator Rickinson that the day and age that we begin to put people in position because of their political affiliation, there is nothing wrong with that, but they must also have the skill and capability of doing the job and I have no problems with that.

Mr. President, with those few words I would like to thank you and I lend my support to this Bill.

SENATOR THE HON. P. C. GODDARD: Mr. President, I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 3 – RESOLUTION TO APPROVE THE
VESTING OF LAND AT WOODLAND IN THE
PARISH OF SAINT GEORGE

SENATOR THE HON. P. C. GODDARD: Mr. President, I rise to move this Resolution for the vesting in the National Housing Corporation of a parcel of land at Woodland in the parish of Saint George. This land is the property of the Crown in the parish of St. George containing 5.94 Hectares or there about, butting and abounding on two sides on Woodland Plantation, Drax Hall Plantation and on a public road called Highway 4. A plan is available for Honourable Senators to see if they so desire.

It is anticipated that the land on either side of the road which has been improved and connects a long standing village to the South of Woodland House would be used on either side of the Road for a housing development. This is in the area opposite Greenes, the turn off left to Greenes is where you are coming up from town, pass that turn and off there is a little road that goes up to the right.

I move that this Resolution do now pass, Mr. President.

SENATOR Mrs. P. E. RICKINSON: Just a short comment I would like to make regarding the National Housing Corporation. I have been reading recently about the children who at the age of 18 when they leave the Children's Homes have to find places. It is heart rendering to find that some of them are sleeping in the street for lack of places to go. I think this is a social conscience of the Government. I think that what the National Housing Corporation needs to make available is a few starter homes so that when these children move from the Children's Homes they will have some place to go until they can stand on their feet and rent a place or make enough money in order to rent a place.

Mr. President, for many years, about 20 years now, we have been talking about half-way houses. Half-way houses, not only for these children, but also for patients of the Psychiatric Hospital and from other areas. I think we need to start to look at it very seriously, if we are going to get into the area of community development in the organisation and let each member share a piece of what people called the pie. They might not be able to own the home but, at least, they would be able to have a room in a house with about three or four bedrooms owned by the National Housing Corporation and paying rent until they can stand on their own feet. I sincerely hope that some attention would be paid to this area sooner than later.

SENATOR THE HON. P. C. GODDARD: Mr. President, I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 4 – RESOLUTION TO APPROVE THE
BORROWING OF SUMS UP TO \$100,000,000
FROM CREDIT SUISSE FIRST BOSTON
(EUROPE) LIMITED

SENATOR THE HON. P.C. GODDARD: Mr. President, in moving this Resolution to borrowing up to \$100,000,000 in the currency of the United States of America from Credit Suisse First Boston (Europe) Limited by issue of securities on the international market for the primary purpose of financing Government's capital development programme. The Government is moving at this point in time to secure these funds for any unforeseen difficulties that may arise in the future, and at a time when the capital market favour us borrowing at competitive and more reasonable rates. It might be noted that at this time our foreign reserves are at the level of about \$800,000,000. An all time high, but we also recognise that we are entering into a phase of economic restructuring and redefining the economy in the new information age in an era of increasingly globalise trade and competitive areas that are not yet understood by either the financial markets or the business community, not just here in Barbados but around the globe.

It is prudent at this time for us to borrow this money and establish a sinking fund for its repayment.

I move that this Resolution do now pass.

Asides.

Mr. PRESIDENT: Senator Mascoll, I know that you were anxious to speak but it is undignified to run through the Senate Chamber, although I recognised that you were somewhat in a hurry.
2.30 p.m

SENATOR C. A. MASCOLL: Mr. President, I heard the Leader of the Senate justify why there is really no need for this loan. We were told that the foreign reserves are now at unprecedented levels but we were not told why and those kinds of figures may appeal to the emotions of the layman but they certainly do not appeal to a trained professional.

Within the last year and a quarter, the Government of Barbados has borrowed BDS\$350 million. I repeat, within the last year and a quarter, the Government of Barbados has borrowed BDS\$350 million. Perhaps what may be most annoying about this particular loan is that it seems to me that it had been decided, approved and signed before the debate reached the Senate.

Asides.

SENATOR C. A. MASCOLL: We were told by some who are attempting to boast that if you were to include the proceeds from the loan, you can go out there and boast that reserves have now reached BDS\$1 billion. In fact, some people were being encouraged to treat that as a headline.

To understand this loan, we need to look back at the previous loan of US\$75 million or BDS\$150 million. When that loan was acquired from sources in Trinidad, we were told that it was supposed to be to assist the Government in its capital works programme. Then over the course of the fiscal period, we were told that the capital works programme was cut so as to prevent overheating of the Barbados economy.

Yet, in the last Central Bank Economic Review, we were told that the entire proceeds of the loan, BDS\$150 million was used to finance Government's deficit and that nowhere in the Central Bank would you be able to find one cent of the loan that was borrowed in April of 1999 and was supposed to be used to assist Government's capital works, but was used to help finance the excessive, more than expected deficits of the Government. In fact, there was some denial of finance available from the Central Bank some time last year when there was accusation from this side that the Government was printing money in excess of \$100 million.

Then, the evidence came that it was true, and that the allegation was in fact true and it was supported by some well-known renowned foremost economists in the Barbadian landscape.

Mr. President, I wish to suggest that the proceeds of that previous loan were not used for the stated purpose at the time. In fact, were it not for that loan, there would have been greater evidence of some deterioration in Government's financial position but it was covered up. This loan is now being used apparently to offset anticipated changes that may occur in the Barbados economy as a result of trade liberalisation.

In August of last year, the Prime Minister said that four years after the signing of the WTO arrangements that the impact of these new arrangements on trade, and the economy in general, was unknown.

In recent times we have had evidence of the impact with what was referred to as bound rates being imposed on items especially in agriculture and fishing which were to receive certain forms of tariff protection under this new WTO arrangement.

The difficulty is that there is no evidence at all that there has been any preparation as suggested by the Prime Minister in August of 1999 for an understanding of trade liberalisation, yet in the absence of any evidence or any research, the Government now knows that it has to borrow \$200 million in anticipation of the negative effects of trade liberalisation.

Now, how could you on the one hand admit that as yet there is no understanding of these new arrangements on the economy and yet on the other hand, you have borrowed as a guarantee against the ill effects on the economy. We are being told at seminars all across Barbados by selective persons that there are many opportunities under this new trade liberalisation for Barbadians to grab and that there are more opportunities than there are in fact threats.

So the marketing again is in favour of WTO and its opportunities for Barbadians while the management is not in favour of these new opportunities but is protecting against the threats. Again, suggestive of some degree of inconsistency in these two approaches. So we know how much we are required to borrow but yet we do not understand the implications of trade liberalisation.

I have, of course, my own view on that. The recent bound rates have in fact served to hurt some sectors in the economy especially in tourism, in an attempt to so-call protect local industries by way of the imposition of this tariff. The Government has served to increase the cost of

tourism to the tourists in areas such as ribs and pork chops and other pork products where there has been a significant increase in the cost to the hotel sector. Now, there is nothing wrong with that and of course, we should all be seeking to protect whichever vulnerable industries there are to be protected.

Sir, that is my position and those who have been reading my pen would appreciate that, but the problem is that there has to be a balance between protecting the interests of the various sectors and the consumer. In this regard, there should have been greater thought given to the way in which the bound rates are implemented and the possible forms of protection for the industries and the way in which they can affect the consumers. For example, in the area of agriculture – something like onions production in Barbados – the consumption of onions is about 7 000 bags per month which would be about 84 000 bags per year in 50-pound bags. A bag of onions can be imported from Holland for less than BDS\$10 and even with the imposition of the bound rates, they can sell for less than BDS\$30 whereas the local farmer sells a 50-pound bag of onions at \$45 – \$48 per bag. Even with the imposition of the bound rates, they will not be the form of protection offered in that instance.

2.40 p.m.

It therefore means that to protect the interest of the consumer and the sector itself that the strategy could have been – which would not be inconsistent with the World Trade Organisation (WTO):

- (1) To allow the first X amount of imports to come in without the bound rate because they will do no damage to the local industry; and
- (2) To impose a bound rate as a form of protection because in many instances as I just explained, the local sector would not be able to provide the entire consumption requirements and since we are simply imposing that rate as a means of protection we should only seek to have effective protection and not just nominal protection of the particular sector.

In the case where an industry can fully supply the demands of the public, there is absolutely nothing wrong with the imposition of such protection and the imposition of a prohibitive rate to protect the local industry as in the case of poultry and black belly sheep. If we are pursuing such a policy of protection and yet allowing other parts to enter the country, we are still going to put some industries under severe pressure.

I am saying this to say that while the loan pretends to be a buffer against the ill effects of the World Trade Organisation (WTO), the issues that affect the Barbados

economy have not been fully ventilated to appreciate what these ill effects will be and in any case the World Trade Organisation (WTO) has been sold at the national level as offering more opportunities than cheques.

Last year, in this same Chamber during the Estimates debate, I said that within 10 - 15 years the entire CARICOM region will have to revisit this trade liberalisation because it would have far-reaching implications for the survival of these economies. I still hold to that position.

It is true that that is my view and if that is my view then I should be fully supportive of an attempt to so-call protect against the ill effects of World Trade Organisation (WTO). I am saying that it does not make sense to continue to use circumstances to promote certain lines of arguments which are positive on the one hand and then manage the economy in a way as to derive benefit or opportunity ourselves from that particular circumstance.

In short, this trade liberalisation seems to me to be offering the Government an opportunity to enhance its borrowing capacity and not necessarily in any justifiable way. There is no reason why Barbados should have borrowed \$350 million in less than a year and a half time which cannot be justified. In the most trying times, in the early 90's, Barbados did not borrow half of that money. In the most trying times in the early 90's the total loans borrowed never reached that amount. It is now the case that we are saying that we are sitting comfortably but yet still we are seeking to derive benefits from the opportunities provided by the World Trade Organisation (WTO).

Another particular aspect of this loan is that it appears to be an international loan because the bank that the loan is to be borrowed from is an international bank but the bonds will be issued on the regional market so that in fact we are once again going to be going to Trinidad and Tobago to raise the proceeds of this particular loan.

That is another strange thing because many of our commentators have been very critical of the influx of the Trinidadian investors in Barbados. We are opening up, we are becoming more liberal but yet still we are seeking as best as we can for whatever reasons to prevent investments from within the region but we have now on two occasions ran to the same country that we have been so highly critical of to borrow all the proceeds that we require in the last year and a half. This explains itself.

Given the recent increases in oil prices, Trinidad and Tobago have once again experienced a significant windfall of revenue over a short period of time as prices escalated. In fact, what is indirectly happening is that

Trinidadian investors are able now to diversify their investments across the region and they have actually consolidated this trend at the regional level.

In a strange way, Trinidad and Tobago is now the example to follow in CARICOM because it has been able to take bold steps to restructure and to reorganise its economy to the benefit of Trinidad and Tobago. Anyone who wants the evidence can simply peruse any of the documents coming out of Trinidad and Tobago in recent years to see that there has been a complete reversal of the economic fortunes of Trinidad and Tobago because of the bold steps they have taken.

That refusal to be bold explains the present confusion in Barbados as far as the economy is concerned. While we are here boasting about foreign reserves knowing fully well that in large measure the reserves are being propped up by inflows for public utility companies which do their investments in lump sums, while we are here boasting about foreign reserves knowing fully well that there are inflows for projects like Sandy Lane and other wonderful projects we are seeing catering predominantly to the needs of foreign investors and foreign persons, while we are boasting of this inflow of foreign reserves, we are fully conscious as a Government that the underlying weaknesses remain within the Barbados economy. Our capacity to earn foreign exchange has diminished over the last five years rather than being enhanced. The capacity to earn foreign exchange has diminished in tourism because in many instances we have had to discount our rooms and undersell to become a little more competitive against regional partners. The capacity to earn foreign exchange has diminished because there has been a shift in our Bajan market away from the U. S. to the U.K. which it is known is a lower spending tourist. The capacity to earn foreign exchange in tourism has been damaged by the implementation of VAT because it has served to increase food and hotel costs and all other services available to tourists.

2.50 p.m.

In that context, therefore, tourism itself has not been able to generate foreign exchange in the same magnitude that it was able to in previous years. What we are being fooled by is the inflow of foreign exchange for tourism projects to build, as I said before, the Sandy Lane and other properties. Therefore, we seem to be associating that inflow, which is only temporary and has to be repaid in any case, with an increased capacity to earn foreign exchange. While the Government may boast about the recent levels of foreign exchange, you will take note that it has not provided any explanation because it is in the explanation that you will begin to see there is no need for such idle boast.

Then there is the manufacturing sector. When you look at the loan which is suggesting that it is being used to buffer

the impact of trade liberalization and you look at what is being done to offer opportunity to the particular sectors, you are seeing that there is a diversion. So that in manufacturing you cannot say that we have done any major work except to impose the bound rates which will not be any major thing anyhow, because within the next four years they will have to be removed.

Within the international business sector where we have consistently heard comments from the Prime Minister about the rulings among the OECD nations and the implications it will have for our offshore sector, there has been little that we can do or will do to safeguard the benefits derived in that sector within the last decade.

Now there was a company established here a couple of years ago called PRT which at the time was hailed as a major catch for Barbados because it was identified as being in the right area of information technology. We had the inflow of a lot of Indian skills and that particular entity was promoted as a flag-ship entity for Barbados and in recent times we have seen a complete reversal and downsizing of PRT Barbados. Now that has to be investigated for what it is worth because we were supposed to be refocusing the offshore sector away from the CDSs towards the PRTs. But that has now more or less failed.

Sir, the issue here really is the implication because it is not as simple as it looks. The route of a PRT would have been almost appropriate for Barbados and its demise therefore has to be accessed and understood. I say that because in 1999 in Silicone Valley thirty thousand Indians were imported in courts to work NIT. Now to understand that is to understand that India is a scarce financial resource country but loaded with intellectual power.

Therefore, this new technology allows India to become a known figure in world affairs because it has the potential to provide the intellectual resources. When you look at PRT Barbados and look at their experience, it does suggest that a thorough understanding of the future of Barbados could have incorporated that forward looking strategy to target PRT operations or like operations with an educational system that focuses on computer technology.

In short, it is not just about EDUTECH. It is about the capacity to train persons to meet a particular demand which is anticipated in world affairs. There really is no linkage between the supply and the demand for such services and really no hope. So that overall once again, I can say that the capacity to earn foreign exchange has been diminished and compounded by the effects of WTO and trade liberalization in general. Therefore, in fact, it can be some justification in understanding or predicting that there will be some fall out.

Then we have sugar which we all know about. What else is there to earn foreign exchange in Barbados? So that in all the foreign exchange earning sectors there is a declining capacity to earn foreign exchange. We cannot say that we did an analysis as a country of these effects and that we are fully prepared for the future implications of trade liberalization.

In short, therefore, I am suggesting that somewhere in the corridor of power there is an understanding and a full appreciation that, while we boast of the accumulated reserves, a peek into the future suggests a certain measure of discomfort. Rather than there be preparation being made for the ill effects of the WTO, there is preparation for the failure of the Government to adequately prepare and restructure the Barbados economy to earn and generate foreign reserves in the future. This is just another cop-out. This is just another short-term approach to a very deep rooted problem in the Barbados economy. There seems to be and there always is wherever there is success some degree of fortune. So that you change Governments and apparently a destructive thing like the Value Added Tax becomes a very constructive thing for a Government to exploit. You have a situation here in which there has been a failure on the part of Government to effect reform and restructuring of the Barbados economy and now the WTO has not fully taken root except in areas of bound rates and is now being used to raise additional revenue for foreign reserves and that is the excuse that is being used. It is in effect trade liberalisation rather than the failure of the economy to restructure to assist in a sustained way in providing us with much needed foreign reserves so that it becomes increasingly difficult to separate the fog from the smoke because they appear to be the same but they are not. They both provided a certain measure of lack of visibility being used as the cause.

3.00 p.m.

There is no doubt that we have failed and we continue to fail to prepare Barbados, as suggested by the Prime Minister of Barbados in August 1999, not me, for the impact of trade liberalisation. We now have reverted to the strategy pursued in the late 70s and early 80s of borrowing our way out rather than attending the serious problems that are particularly evident. We have opted once again for a strategy of borrowing our way out and that is not a sustainable strategy.

I end therefore by saying that nobody can in this Chamber or any other Chamber justify why the Barbados economy which has been performing the way it has been performing needs to borrow an additional \$200 million one year after borrowing \$150 million giving a grand total of \$350 million borrowed in less than 16 months.

It cannot be justified. There is no explanation for it. There is no explanation for going to a market to borrow

money simply because it is available. This is what was told to us by a leading economic thinker in Barbados that because money is available you should pursue it. That does not make sense because it destroys the whole underlying principle of reforming our economy to allow us to be able to make our way in the future rather than borrow our way.

There is a lot that we need to debate. There is a lot that we need to discuss and it cannot be swept under the carpet because it will come to the surface sometime with a full understanding of what we are going through. We are being saved daily by the wonderful appreciation of our land and property values and the attraction that that sector continues to provide to foreign investors to the extent where hotels are now not being valued according to their tourism capability but are being valued according to their real estate value.

In a sense, the example of Paradise can be used. A property that was bought for \$7 million six years ago is now being sold for \$25 million without one ounce of renovation occurring. You left a property to rot and in its rotting it has derived benefits by appreciating in excess of three-fold. If that is true, why would you need therefore to convert the entity into a tourism entity if you can leave it simply to be real estate equity? That is as true as gospel.

That is where part of the problem is in Barbados that we are now such a stable economy, politically stable and otherwise that we have become a major attraction to foreign investment, not on the basis of the capacity to earn returns on investment because if that were so Paradise would have been developed. The same way that Sandals was able to develop many properties since acquiring Paradise. If it were a haven for profit they would have developed the property. They refused and they have subsequently built in Cancun, in Jamaica, in Antigua and St. Lucia but they have not come to Barbados but yet they have realised substantial benefit from that property.

We are not understanding and appreciating that that is the case in Barbados. It is not by accident that every day you look into the newspaper you see some business group developing for real estate purposes. Everybody now is willing to build a hundred houses. Everybody now takes property all over Barbados and is willing to become real estate agents only because that is where the sweetness is. That sweetness has a significant price. It has benefits for the owners but for the country it has a significant price and for all other land and property owners in Barbados it has contributed to an escalation in the overall cost of maintenance. We are quite happy in the country to sit by and allow the country to be taken in a direction that is not particularly desirable only because the short-term gains are very real. We have not looked beyond the short-term gains towards the long-term disruption.

This country has a very high credit rating which is testimony to the effective management policies adopted by this Government since it came into office in September 1994, in contrast, Sir, with what happened in 1990/1991 when the Government, having put itself and the country in a horrible mess, had to go and find money....

Asides.

SENATOR T. E. BARKER: Sir, I do not go along with this view but some people said – I hope they said they wrongly – that they used the money to help make the economy look good and to prepare for the upcoming elections but the timing would cause some people to say that but I would not say that. Sir, the point is that at that time in December 1990, the Democratic Labour Party Government, of which Senator Mascoll was the chief cook and bottle washer – he was the advisor and he had a posh office in Government Headquarters. He would not even go in Bay Street but he had a posh office and he was the advisor to the Government. They wanted to raise about \$100 million and because of the bad practices....

SENATOR C. A. MASCOLL: Mr. President, on a point of order. Sir, I do not normally rise on personal matters but I was a member of staff in the Ministry of Finance from January 1994 not in 1990 but from 1994 until July of 1994 – seven months.

SENATOR T. E. BARKER: Sir, I did not say he was member of staff, I said he was an advisor.

Mr. PRESIDENT: That, Senator, is not relevant to the debate. Please proceed.

SENATOR T. E. BARKER: Sir, the point I want to make is a very serious point. The Government wanted to raise \$100 million but their credit rating was so poor because of their abysmal record of managing the economy that they could not raise loans, as we are doing now, on the international market. They had to get a syndicated loan and the rate of interest was 13.5%.

Asides.

SENATOR T. E. BARKER: Those interest rates were usurious. The point is that a couple of years afterwards, when I was at the Ministry of Finance people came to me in my capacity as Parliamentary Secretary in the Ministry of Finance and said to me that they wanted to lend Government some money and I said, we have a loan on our books which we would like to get rid of because we had some bad terms.

They said, why not seek to refinance that loan. We sought to refinance the loan but the terms were so bad that the people said: we have a milch-cow here. They said if you want to refinance that loan you will have to pay us \$1.37 on every dollar.

Asides.

SENATOR T. E. BARKER: That was a fact. The terms of the loan were so horrendous that it is on the books today at that high interest rate in spite of the fact that we could have gotten alternate finance but we could not get out of it because the \$1.37 on every dollar would obviously break the Treasury.

3.20 p.m.

Asides.

SENATOR T. E. BARKER: That loan is still on our books today, a legacy to the stupidity, a legacy to the mismanagement of this country. Compare it with now, we have people queuing up to lend us money, a far cry from what obtained in 1990. I want to state, Sir, that is a result of the sound economic policies practised by this Barbados Labour Party administration of which I have the single honour to be a part of.

Sir, the fact that we have A2 rating and the fact that we can easily go to the international market must not be lightly cast aside. Our country is well-managed and all the macro and micro indicators point to that. Unemployment is at a record low level; inflation is virtually negligible and the GDP showing good growth.

I said before that we cannot rest on our laurels but the time that we have to exhibit strong management practices is when the economy is at its strongest. When it is at its strongest it is almost a paradox, and when it is at its strongest it is most vulnerable because we would be tempted to do things because of the euphoria which surrounds the pleasant going of the economy, and we can be tempted to go and do things which are not convenient.

I think I said in the Estimates speech of this year that 1989 was a very good year, but because we did foolishness by 1990 and 1991, we were in the mess that we found ourselves. The level of spending in those years was something else. In the famous words of the then Prime Minister, that he knew what he had to do but he was not about to commit political suicide.

This is a question that I am not going to shy away from. Why if the economy is going good we are going to borrow

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Sir, the fact that we have A2 rating and the fact that we can easily go to the international market must not be lightly cast aside. Our country is well-managed and all the macro and micro indicators point to that. Unemployment is at a record low level; inflation is virtually negligible and the GDP showing good growth.

I said before that we cannot rest on our laurels but the time that we have to exhibit strong management practices is when the economy is at its strongest. When it is at its strongest it is almost a paradox, and when it is at its strongest it is most vulnerable because we would be tempted to do things because of the euphoria which surrounds the pleasant going of the economy, and we can be tempted to go and do things which are not convenient.

I think I said in the Estimates speech of this year that 1989 was a very good year, but because we did foolishness by 1990 and 1991, we were in the mess that we found ourselves. The level of spending in those years was something else. In the famous words of the then Prime Minister, that he knew what he had to do but he was not about to commit political suicide.

This is a question that I am not going to shy away from. Why if the economy is going good we are going to borrow

is it doing to the country's ability to earn foreign exchange in the future? The answer is that it is going to positively impact on the country's ability to earn foreign exchange. Yes, a lot of it is due to investment, but at the same time, Senator Mascoll and others should realise that the country's ability to earn foreign exchange has also significantly improved.

The country's ability to earn foreign exchange is a result of the level of services. Whether it is tourism services, whether it is financial services, the country's ability to earn foreign exchange has increased significantly over the past few years. The level of foreign reserves that we see is not the direct result of foreign investment only. Because, just think of it. The money that comes in here on these projects, half of it immediately goes back out in terms of imports. Especially with these high-priced properties, a lot of the materials are imported, even more than the smaller properties. So that a lot of it comes in but a lot of it goes back out in terms of increased exports and machinery and so on, so we must not overstate that point. I believe that if you look at it all around, you will see that the country, even the manufacturing sector has been earning more foreign exchange in the past years as a result of the policies which were pursued by this administration. One of the first things we did when we came into power was to remove the onerous taxation on the manufacturing sector and on the agricultural sector.

I know that some Senators on the other side criticised that and said it is not going to have any effect, but the result today is the improvement in the manufacturing sector. The improvement in the index of industrial production which is a measure of output, can be traced back to the level of support that this administration gave to those sectors in those early days, and that I do not think can be gainsaid. They are statements of record.

The improvement in unemployment is a direct result of the policies which are being pursued by this administration. Unemployment does not decline just like that. It is normally the result of proper planning and proper policies.

The question must be then, what about our level of indebtedness to the rest of the world? What about the foreign component of our debt? Remember, we must bear in mind that every year the Government repays some loans and takes on fresh loans. So that we must not assume that because we borrowed \$200 million that it is going to necessarily mean that your indebtedness to the rest of the world is going to increase by that \$200 million. Because remember at the same time you are paying back some of the loans that you had in times passed.

For example, we borrowed \$150 million last year March and from March last year to March this year, in spite

of the fact that we borrowed \$150 million, the foreign debt increased by \$80 million, not by \$150 million. They increased by \$80 million from March 1999 to March 2000. The country is constantly paying back and borrowing and paying back and borrowing, so do not assume that because you borrowed \$200 million that is going to necessarily mean that the foreign debt increased by \$200 million.

My only contention is that our foreign debt, even if you add the \$200 million would be about \$950 million. In March, it was \$750 million or thereabout, so if you add the \$200 million it will be \$950 million. In 1991 it was \$859 million, so if you compare 1991 with now, you are talking about an increase, at the most, of \$100 million. It will probably be less given that there is now some repayment. But remember the size of the economy has increased tremendously between 1991 and now. So when we look at the debt in relation to the size of the economy, you will see that there has been a tremendous improvement in our foreign debt situation where the ratio of foreign debt to GDP has decreased significantly.

Sir, if in 1990-1991 we were able to sustain that level of debt, we are twice as able now in my view, given the fact that the productive sector, especially those earning foreign exchange are performing very creditably. So I do not think we have to worry very much about our foreign debt because we in the Government are worried about it and we will not go into debt of this magnitude if we were not confident in our ability to service the debt and repay it when the time comes for repayment.

We are looking at the country's ability to earn foreign exchange so do not think that we are just going out there willy-nilly and just borrowing because we can borrow. We are also looking at our capacity to service the loans that we have acquired.

Sir, I have said enough...

Asides.

Mr. PRESIDENT: Please address the Chair.

SENATOR T. E. BARKER: The point is that we are confident in the capacity of this administration to handle the economy well and this is yet another sign that we are not going to wait until things happen then to go around willy-nilly, but we are going to be proactive and make sure that whatever we do, we defend the economic interest of this country.

Thank you very much.

SENATOR C. K. LAURIE: Mr. President, I do not know if they understand but the rain has started. The rainy

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Thank you very much.

SENATOR C. K. LAURIE: Mr. President, I do not know if they understand but the rain has started. The rainy

season is here. We already are seeing the effects of this World Trade Organisation biting desperately already. Three 40-foot containers of frozen chicken from the United States arrived on May 30 and they are pouring in afterwards.

I was talking to a small processor of chicken who deals with only probably about five small farms. He spent several hundred thousand dollars in putting in the process equipment and he employs about twenty-five people.

Asides.

SENATOR C. K. LAURIE: In terms of employment that is quite reasonable. He processes chickens for the small farmers and he currently sells leg quarters at \$7.29 a kilogram in order to make a small profit. The larger plants here are managing because of their economy of scale to sell it just around \$7 so he is out there competing and making his contacts and trying to make a point even though he has to compete against the large guys.

Imported leg quarters are selling in Roebuck Street at \$3.37 a kilogram. Three Dollars and thirty-seven cents, after paying US\$.13 a kilogram for leg quarters in the United States. You ask how does it happen? Well, the situation is that in the United States there is no market for poultry meat other than the white breast meat. The price for the breast of the chicken and sometimes they bone out the breast of the chicken, pays for the whole chicken. The leg quarter, the backs and the necks and the other stuff that we get is nothing. They dump it. Whatever they get for it, they are happy to get for it because they got their money from the breast.

Sir, this stuff is coming in here dumped. There is nothing illegal about that. However, the protocol says that if it is below the price of the whole chicken, then we have the right to put some countervailing duty onto it. I am calling on Government to do something quickly about it, if not, they will see the demise of what a Government officer called a \$200 million poultry industry in Barbados. I hope that Government understands that this money here which hopefully we are going to approve today is there, and I hope that they will use it quickly to help the poultry farmers of this country.

I thank you.
3.40 p.m.

SENATOR Mrs. P. E. RICKINSON: Mr. President, there are just a few questions that I would like to ask because this is not the first time that a Resolution has been brought to the Senate to borrow several million for a rainy day. The last

Resolution was passed. This is the second one that has been brought to this Senate and I would like to know what has happened to the last Resolution that was passed in this Senate.

Will someone tell me why Government has to come back to borrow another \$100 000 000 for another raining day and are we going to be told when this rainy day comes? Are we going to be told when there are difficulties and how this money is spent? Why I am asking this is because it is bad housekeeping to go out and borrow money to put it down for a rainy day because we have to pay back that money and we also have to live. What I would like to know is if anybody would be tempted to take up this money and spend it even though it is not a rainy day, because its primary purpose as is written here on the Resolution is for financing the Government's capital development programme. That is the explanation for the Resolution, which means that this is not a rainy day loan. It also means that any capital development programme that Government has and wants to develop, Government could take up this money and really spend it, and nobody will be able to say anything about it because that is exactly what is written in black and white as an explanation to the Resolution.

I would really like some further explanation about the financing of Government's capital works programme and the borrowing of this money which is going to be put down for difficulties.

Asides.

Mr. PRESIDENT: Please allow the Senator to be heard.

SENATOR Mrs. P. E. RICKINSON: In my ignorance, the two do not make sense to me and I am very uncomfortable with the proposal. It makes me feel that at any time this money could be taken up and spent on Government's capital development programme and there is nothing that anyone will be able to say about it, so I await an explanation.

I thank you.

SENATOR Sir JOHN STANLEY GODDARD: Mr. President, this debate on this Resolution has been a very interesting one and I think there is much that we can all agree on. First of all, since 1993, we have seen a steady expansion of the economy. We have seen a steady reduction in the rate of unemployment. We have seen inflation to all intents and purposes being negligible and we can also agree that the Government's credit rating has improved appreciably as a result of those factors that I just referred to. On the other hand, I think it would be a mistake for Government to ignore the cautions expressed by Senator Mascoll who is speaking from the point of view of the Opposition.

We are living in a comfort zone and how realistic it is at this point in time is difficult to assess. The world is just changing so quickly. We are living in an age of globalisation which we cannot avoid. Technological improvements in telecommunications and information have shown that globalisation would affect every country in the world including Barbados.

While the economic out-turns have been good there is cause for some concern. We are dependent very much on what economists call the non-tradable sectors such as construction much of which is being driven by foreign exchange coming in from abroad and distribution. I do not believe that it is fair to say that the tourism sector has expanded as well as we would have liked. We have two of our largest hotels out of operation. I am referring of course to Sandy Lane Hotel and the Hilton Hotel. We have developed a reputation for being a costly destination and we have become very dependent upon one market, the UK market.

The other sector which we depend on for our foreign exchange is the financial offshore sector. There is a row going on between Europe and the United States of America (USA) over unfair taxation which means that we would be squeezed if that row is not resolved sooner rather than later. These are some of the areas of concerns.

Of course there is agriculture and we have not really done very much to deal with that, but we see imports coming in and I have good reasons to believe that many of them are heavily subsidised, in plain English, Sir, dumping, and we have to make sure that we do not become the dumping ground for the producers in the developed countries.

I interpreted what Senator Mascoll said as expressing concern. He was flashing a yellow light and I think that Government, acting in the best interest of the country, should pay heed to what he has said. I do not agree entirely with his whole analysis but he has raised some very good points.

I see this loan – which I am supporting – as a hedge because of the uncertainty that we are experiencing because of this new age of globalisation. It is an uncertainty which we share with most of the countries of the world if not all. None of us is clairvoyant. We have no clear picture of the future and we are all feeling our way. The only thing that is certain is change. We cannot assess it, neither can we measure it.

I think that it is prudent to borrow now while we are in a position to borrow at favourable rates. Another concern has been expressed when it was said that the money would be used for Government's capital development programme. I interpret that very broadly but it is the principal which I am getting at.

I do support the Resolution and once again I urge Government to pay careful attention to the analysis that was done in this Chamber this afternoon on this Resolution.

I thank you, Sir.
3.50 p.m.

SENATOR THE HON. P. C. GODDARD: Mr. President, in winding up the debate on this Resolution which has been quite interesting, I must say that Senator Mascoll's difficulty to separate the fog from the smoke was somewhat exacerbated by his spreading pea soup on the whole issue.

There are four areas of our economy which the Honourable Senator thought was not performing which is quite contrary to the evidence that is available. In fact, I will start with tourism.

The first quarter of this year produced some of the strongest tourist results that this country has ever seen despite the fact that Sandy Lane and Hilton were out of commission. However, an often neglected fact of our tourism is the villa market which is very expensive and includes well over one thousand units. Also, we must be very careful in making generalizations about the nature of the tourist's spending in this country and to automatically think that because somebody comes from the United Kingdom they spend less than those that come from the United States.

We get an entirely different market sector out of the United Kingdom and the proof of the pudding is in the eating. It is because of that market sector that we have seen a proliferation of some of the finest restaurants in the world, not in the Caribbean but in the world. They are equal to anything on the West End of London or in Paris and they produce a cuisine that is superb, a service that is excellent and an ambiance that is unparalleled. They are of a commensurate price but they are full. There are restaurants in Barbados today that if you do not book for the Christmas week by the end of this month you will not get in.

This is the reality of our tourism market. And now we come to the second quarter of the year which is not just done yet because the statistics are not in. I do know that there are hotels on the West Coast and South Coast that normally experience about a 35 to 40 percent occupancy at this time of the year who now have a 90 percent occupancy this year.

We are seeing a tremendously strong tourism growth in Barbados. I would have to say that our foreign exchange earning capacity in tourism is as buoyant as we have ever seen it in this country.

Now I will come to the issue of foreign investments and I would just like to point out something. We always see

foreign investment in terms of bricks, mortar and machinery coming into this country. Let me tell you the most valuable component of foreign investment. It is investment in our human capital and Senator Mascoll recognized the value of human capital when he discussed the well trained pockets of Indians that come here who are producing I. T. expertise for countries around the globe, not just the United States and Silicone Valley. But Germany has just allowed 20 thousand visas for Indians to come and work in Germany in the I. T. field. So it is not a singular phenomenon for one country. It is a global phenomenon. The foreign investment comes in here and trains our people in widely ranging expertise from actuarial science to corporate secretaries, information technology, chefs, landscape artists, you name it. We are developing a human capital which is for the long term and valuable and this will earn us foreign exchange earnings for many a decade to come. So that foreign investment is extremely valuable to Barbados, not in just giving us the tools to do the job but in providing us with the expertise to use those tools.

Now I turn to the area of agriculture. We recognize that agriculture is a very sensitive area around the globe. It is heavily protected in Europe, Canada and the United States of America. But our capacity to give subsidies is limited and we keep on talking about the decline of the agricultural sector. I have to say that in 1994 we produced 51.9 thousand tonnes of sugar. This year we estimate that we will do 55 thousand tonnes. You have to recognize that we have held the mark on sugar with a slight increase and at the same time our vegetable production and our papaw production have expanded quite considerably. Now we do recognize the changing market conditions are going to put some pressure on various aspects of the agricultural scene. The taxation and the bound rates of specific products are designed to go into the Agricultural Credit Trust Fund to support agriculture in Barbados. We recognize the value of agriculture and once again the proof of the pudding is in the eating.

We come now to the offshore financial services sector. As Sir John Stanley said, this produces a considerable component of our foreign exchange earnings and continues to do so. There is strong growth in that area. The existing companies in Barbados have expanded their operations quite considerably and I have seen that some companies have recorded annual growth of 60 percent per annum in their revenue. We have a large component of activity in that area and that is driving much of our construction and much of the activity in Barbados.

We talked about PRT but you have to recognize that PRT operated in a dynamic field, an area which is moving and changing in and out. There are twenty different companies like PRT though not as large, flamboyant and in the Press. But there are many small companies in Barbados that are working in software technology and not in computer

technology as the Honourable Senator mentioned. There is a difference. One is playing with chips and the other is working with ideas.

The software development industry in Barbados is alive and well. On top of that, we are seeing the new call centres being developed. There are new products coming on stream. So the international business community is a very fertile area – a turbulent one – which is changing rapidly and constantly reinventing itself. But it is very strong, very positive and it is a good area for foreign exchange earnings for Barbados. We have to understand that.

When it comes to the OECD issue, I think that we will ride through this one better than when we went into it. There is a lot of smoke and thunder about the OECD position on what they determined as harmful taxation. I think that within the OECD organisation itself there is some concern about the committee that is looking into this issue and the veracity of some of their conclusions. I think this is something that will have to play itself out, but when we are talking about the issue of harmful taxation, I wonder if we are defining harmful taxation in the context of the tax competitiveness of the Dallas, Fort Worth against New York City when they attracted American Airlines to Dallas, Fort Worth to move their headquarters down there, or I wonder if they are talking in the context of Wales which advertises on British Airways about its tax competitive position with the rest of the United Kingdom. I think you have to see this in the context of the OECD countries themselves and how they play out their own tax competition.

4.00 p.m.

I believe Barbados is in an unenviable position in terms of its human resource capital, its environment, its smallness and its ability to communicate with the rest of the world. In thinking about the long-term development, I cannot stress the value of our EduTech Programme in that regard when we are transforming a whole society to become a digitally literate society.

Mr. President, all the sectors of the economy are firing on all four cylinders. They are producing foreign exchange. They are producing jobs. They are producing a wealth that Barbados has never seen before in its history and therefore I do not understand the doomsdaying that is coming from Senator Mascoll.

I am not saying that it will always be thus. I recognise that there is a need for caution, therefore, we are preceding along recognising that we are on uncharted waters, that we are moving in a direction that no man has ever moved before and therefore we are being prudent, and that is why this loan is being undertaken.

The Minister of Finance exercises considerable discipline on the spending of Government. This is not a licence to lick out money. No Minister of Government has that perspective whatsoever, so just understand that the Government of Barbados understands that it is going to be a prudent, cautious process of vesting in Barbados over the next few years and that this \$200 million is a buffer, an insurance. That is precisely what it is.

Mr. President, with that I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 5 – RESOLUTION TO APPROVE THE
VESTING IN THE BARBADOS TOURISM
INVESTMENT INC. UNDER SECTION 5
OF THE CROWN LANDS (VESTING
AND DISPOSAL) ACT, CAP. 225
OF LAND AT SPEIGHTSTOWN,
SAINT PETER TO FACILITATE
THE DEVELOPMENT OF
THE PROPERTY

SENATOR THE HON. P. C. GODDARD: Mr. President, I move this Resolution to seek permission of the Honourable the Senate to vest 702 square metres of land at the site of the old Post Office building, Speightstown, St. Peter, in the Barbados Tourism Investment Inc. for the purposes of tourism development.

It should be noted that the functions of the BTII were formerly carried by the Barbados Tourism Investment Corporation. On June 6, 1966, Cabinet agreed that some 20 properties should be vested in BTIC. In accordance with this decision a total of four properties were vested in the BTIC in 1998 prior to the change in status as follows:

- (i) the old Harbour Police Station;
- (ii) the old Jetty and open window opposite Jemmotts Lane;
- (iii) the old Eye Clinic, Bay Street, St. Michael; and
- (iv) Fort Willoughby.

The old Post Office site is one of eight remaining properties to be vested. This property formerly housed the Speightstown Post Office and Public Library. Its future development by the BTII will be as a mixed use facility primarily for tourism related purposes. The facility will include shops and a restaurant. Some of the space will be allocated for office accommodation.

Mr. President, I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. P. C. GODDARD: Mr. President, I move that the Honourable the Senate be adjourned *sine die*.

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

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