
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

THE SENATE

Wednesday, November 29, 2000

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, November 29, 2000 at 11.15 a.m.

PRESENT

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

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

Senator the Hon. 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 the Hon. Dame Patricia SYMMONDS, D.B.E., G.C.M., B.A. (Hons.) P.G.C.E., J.P.

Senator G. E. N. BROME

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

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

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

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

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 D. D. MARSHALL, LL.B. (Hons.)

Senator Mrs. V. E. NEWTON, S.C.M., B.A. (Spec. Hons.) M.A.

Senator LeR. McCLEAN

Mr. PRESIDENT: This Senate is now in session.

PRESENTATION OF PAPERS

SENATOR THE HON. P. C. GODDARD: Mr. President, I beg to give notice of the following Bills:

1. Duties, Taxes and Other Payments (Exemption) (Sociedade De Construcoes Soares Da Costa, S.A.) Order, 2000.
2. The Barbados National Bank Inc. Prospectus for the offer of shares.
3. Annual Report of the Barbados Broadcasting Authority for the period October 1995 to September, 1996.
4. Annual Report and Financial Statement of Caves of Barbados Ltd. for the year ended December 31, 1999.
5. Instruments Adopted by the International Labour Organisation at the 88th Session held in Geneva from May 30 to June 15, 2000.

SUSPENSION OF STANDING ORDER

SENATOR THE HON. P. C. GODDARD: Mr. President, I beg to move that Standing Order No. 45(2) be suspended for the remainder of today's Sitting.

The question was put to the Senate and agreed to.

FIRST READING OF BILLS

On the motion of SENATOR THE HON. P. C. GODDARD, the following Bills were read a first time:

1. The Insurance Corporation of Barbados (Transfer and Vesting of Assets) Bill, 2000.
2. The Barbados National Bank (Transfer and Vesting of Assets) Bill, 2000.
3. The Bail (Amendment) Bill, 2000.
4. Resolution to approve the Ministers and Parliamentary Secretaries (Remuneration and Allowances) Order, 2000.
5. Resolution to approve the Senate and House of Assembly (Remuneration and Allowances of Members) Order, 2000.
6. Resolution to approve the increase of the rate of Travelling Allowance applicable to the post of Personal Assistants to Ministers.
7. Resolution to approve the rates of allowances applicable to the posts of Personal Assistant to the Prime Minister, Executive Assistant to the Prime Minister and Press Secretary.
8. Resolution to approve the Judges (Remuneration and Pensions) (Conditions of Service and Allowances) (Amendment) Regulation, 2000.
9. The Land Registration (Suspension) Order, 2000.

ORDER NO. 2 – THE INSURANCE CORPORATION
OF BARBADOS (TRANSFER AND VESTING
OF ASSETS) BILL, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President, I am rising to move the Bill on the transfer of the Assets and Liabilities of the Insurance Corporation of Barbados, to the Insurance Corporation of Barbados Limited, for the repealing of the Insurance Corporation of Barbados Act, and matters related thereto.

This Bill is necessary to prepare for the privatisation of the Insurance Corporation of Barbados. It makes provision for the vesting of assets and liabilities of the Insurance Corporation of Barbados, and the new company, the Insurance Corporation of Barbados Limited, a company incorporated under the Companies Act, and the repeal of the Insurance Corporation of Barbados Act.

The Government of Barbados has made a commitment to privatise a number of institutions which it owns, and one of these entities, being the Insurance Corporation of Barbados which, at present, is one of the largest Insurance Companies in Barbados.

This Act, therefore, seeks to facilitate certain requirements which are required before the privatisation process takes place. These include the transfer of assets and liabilities to the new company and the transfer of the business including insurance policies from the old entity to the new one, and the net proceeds of the sale of shares to be paid into the Public Enterprise Investment Fund.

Tax Concession

The preservation of the vesting rights to those who have been seconded to the Insurance Corporation of Barbados and these are necessary to protect the rights of individuals currently employed by that company.

It might be noted under Section 5 that:

“The Minister may by order exempt the Insurance Corporation of Barbados Limited to any taxes, duties and fees that become payable on the transfer of assets of the Insurance Corporation of Barbados, and of the insurance policies, to which the Corporation was a party, immediately before the commencement of this Act.

2. Any shares divested by the Government of Barbados, pursuant to paragraph (b) of section 4 (1) may, for the purposes of the Act, be treated as shares to which section 37(b) and 37(c) of the Income Tax Act apply.”

Therefore, this facilitates and removes any impediments to the transfer of the business and the assets of the company.

To expand on the personnel provision:

6. “Any public officer who was seconded or transferred to an office in the service of the Corporation from a pensionable office within the meaning of the Pensions Act, shall have the period during which that officer served the Corporation, unless the Governor-General otherwise decides, count for pension under the Pensions Act as if the officer had not been seconded or transferred.”

7. “Any ventured plan that was entered into by the Corporation on behalf of any person who is an employee of the Corporation, or is a former employee of the Corporation – ”

and this is important –

“at the commencement of this Act should continue with the Insurance Corporation of Barbados Limited for the benefit of that person and shall be deemed to have been entered into by, or on behalf of the Insurance Corporation Limited.”

Mr. President, this move to privatise the Insurance Corporation of Barbados, is a step towards our continuing process of the development of our divestment climate which will benefit all Barbadians. It gives all Barbadians a true chance to own shares in the public companies that previously were 100 per cent owned by Government.

11.25 a.m.

Mr. President, ownership of a company basically is defined by the ability of the individual who has an investment in that company to control that investment, that is, they should have ownership of the shares in which they have invested in the company. Sir, that ownership also includes the right to buy and sell those shares and to pass those shares onto their heirs and successors and it is in the right of true profit.

It has become common parlance to talk about these companies as being owned by the people of Barbados but, in truth and in fact, they are owned by the Government. If they were owned by the people of Barbados, the people of Barbados would have had the right to sell those shares, would have had the right and benefit of any capital appreciation, and would have also received dividends from the shares.

Sir, we understand that we are really moving into the arena of true private ownership by the people of Barbados in the companies of Barbados. We are now creating an environment which will encourage people to save through investment, get capital appreciation in the event that the company is successful and also to obtain dividends. Now, in the investment climate of Barbados, people tend to just look at the dividend yield of a company but I think more importantly, one should look at the growth potential of the company, where the assets of that company accumulate and grow. Sir, this gives you a capital appreciation so that over time, a share that is worth \$1.80 today or a \$1.00 could be worth \$5.00, \$6.00 or \$10.00 in years to come. This is the most certain hedge against inflation and in fact, this is the most important consideration of investment rather than that of the dividend yield.

Mr. President, I think that we will be developing the capability and the awareness of individuals to better understand the investment process. Barbadians well

understand that if they buy a piece of land at \$2.00 or \$3.00 a square foot, as they did in the past, that they can now sell it for \$5.00, \$6.00 or maybe even more, and that is capital appreciation.

In the same way companies grow, companies expand, companies develop and in some instances, companies are bought over by other companies and in those instances, there can be great capital appreciation. So that shares that you may have for \$2.00 or \$3.00 today, could well be worth \$8.00 or \$10.00 in the event of growth, a buyout or through the economic activity of the country and the success of that company. Therefore, it behoves people to look carefully at the management of the company, look at the track record and to make prudent decisions about their investments

It is very clear, Mr. President, that people have had the ability to buy savings bonds and they have had the ability to put money on deposit in a bank which are very secure and stable ways of investment. They have also had the ability to buy annuities in life insurance policies and, as on the life insurance companies, once again an exceptionally stable and secure investment, they now have the expanded ability to invest in the equity of companies where they can get much greater growth in their investment. They have the opportunity for much greater growth of their investments but also you would have to recognise that an equity investment is also a higher risk than those that I mentioned previously.

Sir, it would behove every one of us to have a mixed portfolio of investment which includes a savings bond, savings programmes and insurance programmes, along with an equity investment programme. I think that you will note that the companies that are quoted on the stock exchange have had some significant capital appreciation from the time of their initial offerings through share splits, through growth of the company, through enhanced dividend earnings and also taking into account the prospects of the company for growth through the introduction of new products, acquisition of different companies and through the wide range of new business opportunities that are presenting themselves to us in this new and dynamic economy of ours.

Mr. President, with those few opening remarks, I heartily commend this Bill to the Honourable Senate for preparing the Insurance Corporation of Barbados for privatisation. It is intended that the Government of Barbados would maintain a substantial equity in this Corporation but that shares would be available to the general public of Barbados.

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

Mr. PRESIDENT: Senator Mascoll.

SENATOR C. A. MASCOLL: Mr. President, it is difficult not to expect that a move to give individuals an opportunity to be shareholders in any organisation would not be supported by reasonable individuals on the Opposition Side.

In fact, both parties for the last six years have indeed been promoting so-called economic enfranchisement and that is reduced to mean greater participation of the average individuals in the business affairs of companies and profitable companies in particular, in Barbados.

What is unfortunate though is that while this move is afoot, there is still very limited information on which to base decision-making as it relates to the purchase of shares in insurance and commercial bank entities. For sure, the Insurance Corporation of Barbados (ICB) has only in recent time, for whatever reasons, been demonstrating positive net income returns on the investment. In fact, only in 1994 the company had a negative net income of almost \$2 million and this cannot be seen purely in political terms, and should not be seen as any point of departure.

The insurance company industry is certainly going to be one of those very challenged areas for business activity in a globalized economy and it is really a question of looking at the capacity to bear risks when we speak of analysing the insurance industry. It is really based on the ability of a company to manage your finances as effectively as possible to ensure some rate of return while dealing with the high levels of risks involved in such an industry.
11.35 a.m.

As I said, the new global environment is going to make this industry particularly vulnerable of course to take over if what we are pursuing within the region becomes a reality. There should be a free flow of capital, people, ideas or whatever it takes to run a business such that a Barbadian should be able to choose from among a group of insurance companies in Barbados, within the region or internationally. It may be very well possible in the not too distant future to go on-line to pick up a policy from a Jamaican company which we can do at this stage or we could go further afield and refer to that as E-Commerce.

Sir, we can understand that in this new globalized environment a local insurance company would have to be even more competitive in order to survive. This is my major concern with ICB or any other insurance company in Barbados. It is just like when the market fully opens up we are going to have a situation where the ability to compete is going to be even more important. As we have seen over the years, ICB has engaged in policies which were not strictly related to financial returns. We have seen over the years ICB being an insurance company of last resort as it related to the

insurance of motor cycles, ZR's and mini-buses. For whatever reason, ICB felt compelled to insure such activity when other companies in this industry were moving away from those types of risks.

Now to what extent will the new shareholders of ICB be able to buy a policy such as to avoid that kind of belief that ICB has to insure or not to insure because of its policy. If it is the case that the new shareholders will be able to exercise power enough to guarantee that investment decisions will be made strictly on the basis of written return, then one can feel a greater sense of comfort. If it is the case, Sir, that ICB continues to believe that it is an insurance company of last resort, then there will be no fear for the company to make those decisions for the shareholder and not in the interest of any political aspirations.

Sir, that is the major danger or perhaps a positive that could come from this new arrangement in allowing people to really become owners of the business called ICB. Now there is a parallel situation going on in the Insurance Company Act where we deal with demutualisation and I am a strong supporter of demutualisation. Any reasonable individual has to be a supporter of demutualisation. Let us not be concerned with those who have participated in exercising their interest and then depart from that, as we have seen over the last few years or perhaps since the 1980's or somewhere around that period where people built their reputation on mutual affairs.

This new environment which we are operating in requires any company to be able to respond to market forces. As I have said as a policyholder, I look forward to being a shareholder, but I have one major concern which I will express elsewhere and not here.

When my policy is converted into a share in the Mutual Company, will it be a real share? That is, would I be entitled as it should be to the tax deduction associated with the purchase of a new share in a company? No one as yet has been able to explain to me whether the transfer, because that is what it would be, of my policy into a share while maintaining my policy would also give me the privilege of being able to have a tax deduction as is permitted in the Income Tax Laws of Barbados. This is not a typical situation in which I am going to take money and invest and automatically derive a benefit. This is a situation in which I am now existing as a policy holder and that whatever criteria are to be used they will convert my policy into shares without the passage of money. Therefore, I am asking this question? Will such a transaction still entitle the policyholder to have a deduction which is permitted with the purchase of new shares as applies in law.

The other thing, of course, is that we are going to be in a situation where, for the first time, I will not only be a shareholder in a local company but I am a shareholder in a

company in which all kinds of interests across the region are involved.

Sir, if you look at what is happening in the industry, there is no doubt the move to demutualise is going to be a major benefit. The concern of being a takeover by demutualising is near because you cannot expect that the world will be able to invest in land and it cannot happen in this industry. This has to be viewed in rational terms. As I have said, money has no colour. It has no race but it has value.

11.45 a.m.

More is preferred to less, regardless of whether you have one or a million dollars, you prefer more to less. That is natural. I am not interested in the colour of money. I am interested in its ability to be utilised and whether it can be utilised to the benefit of the shareholders in any organisation. That is why in the Insurance Corporation of Barbados there used to be a clear articulation of what the real benefits are to the would be shareholder in the future. That is necessary, as I said, because we must not give the impression that in the future the ICB is going to operate in a very enabling environment. It is going to operate in an environment that is going to be hostile because that is the nature of the new world – competition.

How you respond and react would be critical as to whether or not it is a good investment to enter into at this stage or whether it should be seen as a major reason to become purely a shareholder which is a political dimension. If you want to broaden in the country the share ownership base of all companies, that is a correct strategy to employ; but that is not the reason why we should become involved as a shareholder. We should become involved when it comes to financial decision making.

The balance sheet, the income, and more importantly whether or not there is preparation on the management side for this new global environment which we are confronting will present many challenges not only to the insurance sector but to other financial sectors as well.

While I am here to provide an analysis, because of the absence of information I think it is unfortunate, that we should have been given a lot more information to be able to make a better judgement as to whether it is a worthy investment to purchase shares in ICB at this time. We have been so deprived and, therefore, I am really seeing it from the point of view of simply proposing to broaden the influence of the average Barbadian in the affairs of the ICB, but I really do not have the information available to determine whether it can be a very sound investment and that makes me very uncomfortable. I should be in a position where I can analyse the balance sheets, the profitability, the

ratios, the dividend yield and other such indicators of the Insurance Corporation of Barbados in order to make some reasonable input in this debate.

I am really fishing in very low water, not expecting to catch anything because I do not know which bait to use, what kinds of hooks to employ and what kind of fish there are to be caught. I am really, Mr. President, suggesting that the move was good on the basis of the ability to broaden ownership but I cannot advise would be shareholders that this is an investment of the nature of mutual funds which has done tremendously well in Barbados. I cannot say that the returns will be close to that investment. I cannot say that it is a better investment than money paid into Treasury Notes or Debentures. I cannot say that it is better than putting it on a fixed deposit somewhere, so I am out to sea as to what advice I can give on this occasion about the purchase of shares in ICB. Suffice it to say that I do support, in the dark, the purchase of shares in ICB.

MR. PRESIDENT: Is that why you are wearing dark glasses?

SENATOR C. A. MASCOLL: I am taking a dim view of life as it relates to the insurance company. My life on the other hand is excellent. I am very concerned that I am not in a position to make an even greater input in the debate. Thank you.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I rise to give my support for this measure because I remember very well how and when the Insurance Corporation came into being. The establishment of the Insurance Corporation of Barbados took place under the then leadership of Prime Minister Tom Adams and can really be considered an act of faith and an indication of foresight by him and the Barbados Labour Party. It was meant to provide competition for the insurance sector and to drive up the standard of service as it applied to the sector and to the general public. In political terms, I am glad to see that the Insurance Corporation has matured to the point where it can take this decisive step.

Apart from that, Sir, I have a personal interest in ICB and that intensifies my enthusiasm for this measure because I was one of the very first clients of the Insurance Corporation of Barbados. As a matter of fact, about two years ago I received an award from ICB for having been one of its first clients. I do not remember exactly what number I was, but I was one of its earliest clients.

I have seen ICB grow and I have grown with it and I remember well its modest beginnings on High and James Street at the top of a barber salon at the time. I am therefore glad to see that it has grown in every sense of the word and

that it can now enjoy much more improved accommodations at Roebuck Street, and that its profitability and success over the years have put it in a position where tomorrow will mark the official opening of a substantial investment that will take place in the form of a spanking new impressive building at the corner of Country Road and Roebuck Street. That signals the ICB's significant contribution to the wider development of Roebuck Street and Bridgetown in general.

From what I understand, with this new imposing structure on Roebuck Street, before the building was completed, rental space was all taken up. It is now impossible to give accommodation to those who want to rent offices in the building. Apart from that, the Insurance Corporation of Barbados will now be contributing to the development of the surrounding environment, as a demonstration of its being a good corporate citizen contributing to social facilities in the Country Road/Garden Land area, so that it will not be seen as a hostile intruder, but will have a connection with the society and the immediate community will get its part of the ownership of ICB in that respect.

I am also glad to see this Act is taking place not through any pressure locally or otherwise imposed, but is something that goes back to our 1994 Manifesto on page 16. 11.55 a.m.

Sir, I quote from page 16 of the Barbados Labour Party's Manifesto of 1994 under State Enterprises:

"We rejected the notion that state-owned enterprises are an unmitigated evil to be got rid of at all costs. In addition we give no support to those who believe that the sale of the family silver is a viable alternative to earning foreign exchange. We believe that state enterprises have a contribution to make to the national well-being, especially in the context of policies which seek to empower the mass of the people by broadening the base of ownership in the economy.

Where they are performing a purely commercial function we will sell equity in these enterprises giving priority to employees of the enterprises and to small investors who have not traditionally been offered opportunity for such investment.

We will build appropriate safeguards into our divestment programme to ensure that workers, credit unions and other small investors are fully protected in their ownership and cannot readily be divested by speculators looking for quick profits."

Sir, we also in our 1999 Manifesto reaffirmed our commitment to such a policy on page 30:

"Sell minority interest in the Barbados National Bank, the Insurance Corporation of Barbados, the Caribbean Broadcasting Corporation, the Barbados National Oil Company, the National Petroleum Corporation to the public and do so in a manner that the staff of these institutions, members of credit unions, trade unions, cooperatives and other Barbadians are presented with new attractive investment opportunities, and we will restructure the operations of the Grantley Adams International Airport, the Barbados Port Authority and the General Post Office."

Sir, this is a fulfilment of a serious pledge that we took some years ago. We are doing it by deliberate choice, conscious effort and planned action to ensure that we live up to what we established verbally some years ago.

There were initial objections raised by the Democratic Labour Party to the establishment of the Insurance Corporation of Barbados and particularly harsh at that time, was the late Dr. Rameses Caddle who failed to see the long-term benefits that would accrue to the benefit of the wider society to the point where it now can be transferred to the wider society.

I am glad to see that we have been vindicated on this matter and that by taking this step we are really ushering in a new exciting era for the average Barbadian. Sir, now that actual steps are being taken for the privatization of the Barbados National Bank and the Insurance Corporation of Barbados, we are not hearing any urgings from our opponents for the poor black man to get involved to create a culture of equity investment. We are breaking new ground and Barbadians would not overnight become familiar with all the dynamics or intricacies in ownership, but this is a good beginning for the small black man.

It is an excellent investment opportunity and I am glad to be part of an era where this is now coming to fruition and to be part of a Government that has been able to demonstrate, in a serious manner, that it is bent on providing the actual mechanisms for there to be a property-owning democracy in Barbados.

I give the Bill my fullest support, Sir.

SENATOR Mrs. P. E. RICKINSON: Mr. President, I rise to support the Bill to privatise the Insurance Corporation of Barbados. Sir, I too have supported the Insurance Corporation of Barbados almost from its inception and I have watched it grow. It is one of the examples of a Government's institution that has been able to develop substantially with a lot of transparency *et cetera*. It is a credit to the Insurance Corporation of Barbados and I hope that some of the other Government institutions, in particular

the Queen Elizabeth Hospital, could develop just like the Insurance Corporation of Barbados.

Mr. President, the Insurance Corporation of Barbados has also been involved in social programmes. It has contributed to the accident prevention programmes in Barbados and I would like to see it continue and get more involved in the community.

I am reading from a Manifesto for Health from the Association that I have the honour to be the President of the Nurses' Assistants Association of Barbados. On page 6 we note that adequate road safety measures depend on adequate funding. In the United States, insurance companies pay 1 per cent contribution towards safety. There are calls on the Government to investigate a similar scheme for Barbados. I would like to use this time to call for us to look at such a scheme to contribute toward road safety because quite a lot of money needs to be spent on public education.

I would also like to call for the Insurance Corporation of Barbados to explore the idea of "no-fault compensation". I am reading from the May's Manifesto for Health:

"If something goes wrong as a result of medical, nursing or health procedures, these should be met without lengthy legal wrangles or responsibility. No-fault compensation does not remove the need to investigate error and bad practice where appropriate. We believe that non-fault compensation to the benefit of the consumer is compatible with mechanisms to ensure professional accountability."

Mr. President, I am aware that we have not reached the stage of suing the medical profession but as we get more educated, we will find that these litigations will start. I am calling for the Insurance Corporation of Barbados to pursue those areas.

Mr. President, one thing that I would like to query is the request for roadworthy tests for vehicles. The public needs to be educated about the time a certificate needs to be sent for roadworthy tests for vehicles.
12.05 p.m.

Notwithstanding that it is an error, if this is going to be introduced, I think that the public should be informed about it. We know that if a car is 10 or 15 years old we have to have a roadworthy test. If you have a car that is one or two years old, you need to be educated because it is an additional expense on the person. The documents say that the Insurance Corporation of Barbados will not in any way absorb any of the expenses.

If you have a nurse who has to get a car to get to work because of the unsociable hours, she is just managing and

she will not be able to afford this extra expense. We need to discuss this further and see what can be done. I am not against roadworthy tests but in some countries it is done free of cost or for a very small fee. I would hope that we will be able to look into that and see what can be done.

I will also like to congratulate the ICB on their health insurance programme. I introduced the nurses to the programme and it is an excellent programme. It has done very well and I hope that it will go from strength to strength and with this I support the Bill.

SENATOR B. R. COLLYMORE: My intervention is simple. It does not require any explanation.

I note, as someone who has lived nearly 70 years, the great philosophical changes that have been worked into the system over the years. The fact that we are now in the business of denationalising certain industries probably accords with the new economic and financial reality of the times.

In the past we were led to believe that ownership by Government of certain institutions operating in a particular sector represented ownership by all the people. Therefore, in a more than notional sense, all the people benefitted from the ownership. We have gone full cycle and we are now denationalising. I am not saying that I am against it, I think that we need to recognise what are the real reasons for this action.

Presumably, people are now so empowered as individuals that they can buy their shares in these institutions so long as the more powerful people can absorb all these shares. I think that there is nothing wrong about it. We still have to be careful that the ones who have contact and money do not get an inordinate proportion of what is made available for public purchase.

Another reason why Governments used to be entering into certain fields, sometimes as a matter of policy the Government needs to influence what is happening in certain economic and financial activities in a country. I think for that reason Governments of the past have entered, as in this case, the insurance field and in other sectors like tourism. Sometimes you need to have Government intervention to create the kind of climate and to give the sort of direction which the private investor will follow if he sees that it is working. Presumably, we have reached the stage in the denationalising of some of these financial institutions where that motive no longer applies.

One major comment that I want to make is that the Insurance Corporation of Barbados started with a captive clientele. It was required to take over the insurance of all government buildings and properties. I see in the new

provision that it is still required to cover these government-owned properties. Would that not in some respect be considered as giving the ICB a most favoured status in an industry where its success should really lie in its capacity to compete equally with other players in that industry? This will be raised at some stage by other players, especially if the divesting process takes effect completely as envisaged or could be envisaged from one of the clauses where it says that the Minister may divest the percentage which starts at 100 per cent and he could divest, presumably, the whole 100 per cent.

All things are possible in these situations and continuity is never guaranteed with Government except continuity of responsibility for actions by previous Governments and therefore there is nothing to say that at some stage the whole 100 per cent would not be divested. In circumstances where that captive clientele gives the new company a special status which might have been necessary at the inception of the ICB, one wonders if in the normal way this can continue for a very long time. We were told on previous occasions, when certain corporations were being converted to companies, that a new system was being devised whereby these corporations, in their new format, would still be required to report to the people through Parliament. In that particular case a special provision was made in the legislation for that requirement.
12.15 p.m.

I do not think I recognise any such provision here, and that in this field of financial operation that is a good, or a necessary thing. I still would like to know if it is, or is not intended, why has it been omitted.

I have no objection to the legislation, but perhaps a few comments on those points which may be in order. Thank you.

SENATOR D. D. MARSHALL: Thank you very much, Mr. President. I propose to make my comments very brief this morning speaking in support of this particular Bill.

I am not privileged, as other Members of this Honourable Chamber have been, to have been involved in the Insurance Corporation of Barbados as it still stands in its early days, but I strongly support the enfranchisement of Barbadians in these kinds of corporate enterprises. For many years, Barbadians have remained very narrow in their focus when it comes to investments.

We have always thought the only good investment is real estate, and I believe it is fair to say that the average Barbadian had intended to shy away from owning shares in companies. The attitude seems to be shifting, and it is important that Government, as a major stakeholder, throw its weight behind those kinds of investment endeavours.

The point which I wish to make this morning has to do with the advantages I feel would come from a company such as the Insurance Corporation of Barbados becoming privatised. I think they are so significant that we should not overlook them.

Sir, because of these statutory corporations, of which we still have many in Barbados, there is an idea that has been around for a very long time, that it has come to us through our colonial heritage, and it is an institution that has served us fairly well in the last years. However, speaking from the experience of having chaired several statutory corporations, I am keenly aware, Mr. President, that they are hamstrung in many ways. They are hamstrung by their financial rules and by various rules which relate to the Civil Service and something as simple as negotiating a proper remuneration for a Chief Executive Officer attracts all kinds of difficulties. In fact, we find that many of our Chief Executive Officers of the many statutory corporations, have ceilings on their salaries at the SI scale, and that makes it particularly difficult for any enterprise to attract qualified, forward-thinking people.

While I do not wish, in any way, to be critical of the various Chief Executive Officers that we have in our statutory corporations across Barbados, those kinds of impediments do serve to narrow the number of people who can be considered for selection.

Mr. President, there are many people, both here and abroad, who have tremendous experience, but they have considerable difficulties returning to work for agencies when they are told that the most salary they can be paid is at SI scale which, I believe, hovers somewhere in the region of \$75, 000 or \$80,000 at this point in time.

In addition to that, I, therefore, believe that going private, will certainly relieve a corporation like the Insurance Corporation of Barbados, which has to respond very quickly to market changes. I believe it will go a long way to relieving it of those kinds of impediments.

On the point of having to be flexible and respond quickly to market changes, this is something that plays a very pivotal role in the ability of any organisation to turn a profit at the end of the day and I am sure, it is quite frustrating for managers and directors of these companies who feel they have to respond to model change, that because of their set-up, they must first go through a hierarchy, or perhaps even a bureaucracy, before they can actually implement these changes. Of course, by the time the go-ahead is given, the entire issue is academic.

I also believe going public in this case and also the other measures being taken are in relation to the privatisation

of companies and will serve very well for a company such as the Insurance Corporation of Barbados, which cannot continue to be run the same way.

This is a new millennium with different challenges, and it has to be able to swiftly respond to the challenges that are being presented. It is not going to solve all of the problems, neither is it going to make them cutting-edge, but at least going in this direction will certainly enable those particular corporate entities to be able to respond quickly to the changes and the demands of the new millennium.

With those brief comments, I would therefore, like to reiterate my support to this Bill.

SENATOR Mrs. V. E. NEWTON: Mr. President, I rise to support this Bill wholeheartedly and to associate myself with the comments made by my colleague Senator Marshall.

I also wish to state a few, brief words on the role I know the Insurance Corporation of Barbados has been playing in the transportation industry in this country.

I think it is not generally known that the Insurance Corporation of Barbados takes the risks of, possibly 90 per cent, of the insurance for public service vehicles in this country. Almost on a daily basis in the Press we see how disorganised that industry is. How some of the stakeholders and drivers of these vehicles flout road traffic regulations and put themselves and their passengers at risk.

I want to say that the Insurance Corporation of Barbados is a company that, because of its position in the marketplace, has been taking most of the risk of these vehicles. Sir, I am wondering whether it could not be that Government look seriously at the industry with a view to encouraging, or taking whatever measures it can to persuade other private insurance companies to give the Insurance Corporation of Barbados some assistance, and to take some more of the risk in this industry.

With that, Mr. President, I wish to end my comments.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, I rise to support this Bill. I have to declare an interest, since I am one of the legal Attorneys-at-Law who represent the Insurance Corporation of Barbados.

I want to join with Senator Newton to say that the Insurance Corporation of Barbados plays a particular role in the society today.

Senator Mascoll raised the issue that the Insurance Corporation of Barbados insures motor cycles, mini-buses, and hired cars. I think the Democratic Labour Party has the

policy of shouting that there is no one supporting the "little man" but, in truth and in fact, they do not go into the issues of the day to find out the reality of what is happening.

I think the statement made by Senator Mascoll is rather unfortunate, if he is investigating the insurance industries to understand that the Insurance Corporation of Barbados is not an insurer of last resort, but an insurer to rescue certain categories of Barbadian people.

Mr. President, it is not very well known but, in my view, the insurance companies in Barbados operate on a very racial basis. For example, take the hired car industry. There are certain persons who are now amalgamating all the hired cars into small groups to get insurance daily.

I can call the names of 10 small persons who have eight, 10 or 12 small hired cars that had been refused by insurance companies, across Barbados and the only resort they had was to go to the Insurance Corporation of Barbados.

The same speech that one is hearing is linked to the same speech when I hear persons saying that we should now control the credit unions because they are getting too big and handling too much money. But then, a person must ask himself who are the members of the credit unions in this country. And these are things that we must understand.

I must congratulate the Government in its effort to bring part of the holdings in Barbados to the average man in the street. This is a very functional way and one of which I will approve, because my information is that shares in the Insurance Corporation of Barbados will be reserved for trade unions, credit unions and staff, and policyholders.
12.25 p.m.

Mr. President, now it tells you that here is an organisation that understands the aches and pains of ordinary Barbadians. The Prime Minister, in one of his Budgets, has asked the transport industry to create an insurance company and he said he would give them all the assistance necessary. Nothing has been done, but you had criticism of the thoughts or views as had been expressed by the Prime Minister.

The minibus people who complain every day, the little fellow who has a ZR van that moves people from St. Joseph to town and then another insurance company writes him and says, "we have been informed that you are moving people contrary to policy. Your policy has been cancelled" – Policies are cancelled overnight and the insurance company tells you that they have the right to cancel the policy at will.

Sir, now if we continue in this way, we will see a build-up of the transport industry in certain hands to the detriment

of the little man and woman out there who are trying to survive.

Minibuses have gone through the same issue. Everybody insured them in the beginning and thereafter, only certain people can get insurance in certain companies. I do not want to call the names but I know all of them because I have been in this business for a long time, of representing all these people in transport. What I would like to see, is not only the Insurance Corporation of Barbados but the other insurance companies in this country come together and bring greater impact on the development of road use by vehicles in this country.

At the moment, there is an ongoing dispute between the Police Department and the Licensing Department as to what are the correct markings on the roundabouts. Both have given different views of what the marks mean. The police are saying that the current jambuster is unlawful and critical, the Licensing Authority is saying that it is here to stay. The person who feels the pinch of it is the insurance companies and those people who suffer injury and loss as a result of accidents on the roundabouts.

Sir, I think the insurance companies need to play a greater role. I would like to see the insurance companies get together and bring cases for declarations in court because if the police cannot agree, the Licensing Authority cannot agree, then the judges in this country can pronounce and we will know who is right and who is wrong.

Sir, on the question of no fault compensation, I would like Senator Rickinson to even take a look at the current knock to knock agreements that exist in the insurance industry and because of the knock to knock agreement, who is squeezed between? The insured is squeezed. One insurance company says, "I have an agreement with the other insurance company" and you could never get to an end of the tale and I think these are things that need to be looked at.

The expansion of share ownership in the insurance companies and other organisations that are currently solely owned by the Government, creates an opportunity for us who love Barbados to keep these institutions Barbadian. With globalization there will be an invasion of other companies and groups from outside coming in to snatch what they can see as viable and profitable. If the Insurance Corporation of Barbados or any other business in Barbados is totally owned by a Barbadian, it will be the Barbadian who does not love Barbados who would dispose of the shares to non Barbadians.

The way that this is being structured, one can feel that for a very long time the Insurance Corporation of Barbados or any one of them, structured along these bases will remain Barbadian entities. They will then be able to trade outside of

Barbados because in the same way persons can come in to trade, we can go out and trade as well. Sir, you need a directorship and here I support Senator Marshall. We must break away from the hamstrings of the Civil Service who believe that nothing can progress without them and nobody can get a bigger salary than they are getting and I think that is what we need, a directorship properly appointed, properly paid to utilise their abilities to carry these organisations forward and not be hamstrung by the Civil Service rule, Sir, and that is what we have to look at.

Mr. President, even if ICB would appear to be a most favoured player in the insurance business because the Act reserves for it the right to ensure all Government policies, it is necessary to give ICB a base because it is the people's money that has formed this organisation and has caused it to develop at this stage where it can now divest the shares to the very people who started it.

When you hear about a Government corporation and as Senator Collymore said, you believe it is the people's money but the profits of that Corporation goes into the Consolidated Fund and it is spent as the Minister so desires, by divesting the shares to the other persons, each person gets his share of the pie and decides how he wants to spend it so there is absolutely nothing wrong with this. I congratulate the Government on the role it has taken and the way it is structuring these companies because it gives to every man and woman a chance to own a part of the developmental machinery in this country.

With that, Mr. President, I support this Bill.

Mr. PRESIDENT: Senator McClean.

SENATOR LeR. H. McCLEAN: Thank you, Mr. President, I will be very brief. What I would like to say is that the success of the ICB is testimony to the fact that institutions which are run by Government can be successful and profitable. We have heard many times that Government institutions are being flogged because they are inefficient. As I always say, perhaps the checks and balances that are there within the Government run institutions are necessary because I have been reminded by the Senator that there is nothing such as slow and efficient that it must be fast and efficient. I have also been taught that haste makes waste and very often the slow and deliberate process could very well be the most efficient one. The fact that the Insurance Corporation of Barbados has grown to the point where it has, I think, is testimony to the fact that such institutions can, in fact, be successful.

If I can give a slight analogy with respect to this matter of how processes work, I am one having been schooled in science, who believes that all laws in nature apply wherever

they may be. In Chemistry, we always say that a slow controlled reaction is generally irreversible. Whereas, spontaneous reactions tend to be reversible and this is why, perhaps, I lean towards the deliberate process of making sure that everything is in place when we are doing certain things.

The ICB has been, in my view, a buffer between the small policyholders in Barbados and the insurance companies, particularly the locally-owned, private insurance companies. I remember as a boy seeing these big shields on chattel houses where these chattel houses were insured and the shield there was a symbol – Crown Insurance and I think there was one called, India – but these were foreign insurance companies. These were not Barbadian insurance companies.

Interestingly enough, as the local insurance industry grew, the accessibility to insurance for people owning diminished and so we have a situation where the local insurance companies, I think, in keeping with their general policy in terms of allowing small people in Barbados to grow – and this is why I say the laws seem to work wherever in whatever circumstances – because in the same way that the average Barbadian was not allowed to grow in terms of economic development because of lack of access to bank financing and things like that, the same rule was applied now where insurance was concerned and so the small man, therefore, did not have access to insurance for chattel houses. Now the Insurance Corporation filled that void and provided insurance for chattel houses when other companies did not want to do so.

12.35 p.m.

The point of the Insurance Corporation being the most favoured of Government insurance, I must say that I see nothing wrong with that because within the industry where private insurance companies are concerned they also reserve the insurance for their businesses and properties for their companies.

I know of an example where an insurance representative went to a larger insurance company in Barbados and offered an excellent pension plan. When it got to the Board, the General Manager said, “No, we cannot go with that.... go to “X” insurance company”. When he discovered that “X” insurance company in fact held significant shareholdings in the very company where the employees were complaining about an inadequate pension plan.... It was only when another insurance company offered them a plan that the Board of Directors said, “No, we have another company that can provide that”.

Therefore, they take care of their own so I see nothing wrong with Government where it has an insurance company that will provide insurance for the broad masses of people

that cannot get it elsewhere, then they should have a favoured consideration when it comes to other forms of business.

Sir, I therefore have a few concerns with the move to privatization. It is unfortunate that this organization is coming not by choice but out of necessity. I think that we all know that with the advent of the WTO Rules that governments will not be able to maintain shareholdings or control entities such as this. Also, with the advent of fair trading, we have to be concerned about that. The WTO will not allow Government to hold investments in enterprises like insurance companies, banks and things like that. It is something that comes out of necessity and not necessarily one of choice.

Personally, if there was a choice, I would prefer the Insurance Corporation to remain as is, probably with some slight modifications that would permit shareholders to get benefits from the Corporation.

Sir, I want to know if the Insurance Corporation will be able to continue to play the role it has played that has brought it to the point where it is now in providing coverage for those persons who are out of the net and, as Senator Bolden said, not necessarily because they cannot afford the coverage or because they are a bad risk but simply because of a policy which discriminates against certain kinds of people.

I would hope that when Government divest the shares in the Insurance Corporation that it is done in such a way that at least the policies which are presently in place will be able to continue. In other words, we do not throw out the baby with the bath water. I hope that we can continue with those policies which are positive and implement those which we consider desirable in order for the Corporation to continue to grow.

In principle, I cannot be critical of the move to privatize because it is something that will have to be done sooner or later. I do have those concerns that I would like to see the Corporation continue in the role it has played.

Sir, I would really like to put on record my congratulations to the persons involved with the Insurance Corporation, that is, the management and staff who over the years have done an excellent job. We have seen them grow from where they were scotched in a little corner at the corner of James Street and progressively they took over more and more space until they were able to put up buildings of their own.

I think there is one member of the Board who has been on that Board for a significant amount of years. He has

become part of that institution. The Board has done an excellent job in helping the Corporation. It has remained a corporation outside of the ambit of political involvement regardless of what political party has been in power in this country. I think that is testimony to the strength and character of the management and I really have to compliment them on an excellent job which they have done so far.

SENATOR THE HON. P. C. GODDARD: Mr. President, in rising to wrap up this debate, I would just like to expand a bit on the distribution of shares contemplated for the ICB. The offer of shares is comprised of \$19,521,600 Class B Common Shares. The Board of Directors has approved the reservation of \$12 million Class B Common Shares of which \$821,600 shares are for staff, \$2.8 million shares for the policyholders of the Company, \$2.4 million for the credit unions, \$2 million for the National Insurance Board and \$1.5 million to the Barbados National Bank. Government will retain a significant shareholding in this Corporation. We do not envision that there will be a massive shift in policy. As you can see, the company has become steadily more profitable and I think that good and prudent management will be the order of the day but that the social responsibility of the company will not be significantly compromised. I think you will see that this will be beneficial to the new shareholders and to the country as a whole.

With that, Mr. President, I beg that this Bill be now read a second time.
12.45 p.m.

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. P. C. GODDARD, the Senate resolved itself into Committee on the Bill, HIS HONOUR SENATOR C. L. BOLDEN in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 to 11 were called and passed.

The Schedule was called and passed.

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

On the separate motions of SENATOR THE HON. P. C. GODDARD the Bill was read a third time and passed and cited as the Insurance Corporation (Transfer and Vesting of Assets) Act, 2000.

SUSPENSION

SENATOR THE HON. P. C. GODDARD: Mr. President, I beg to move that this Sitting be suspended until 2 p.m. today.

The question that the Sitting do now suspend until 2.00 p.m. today was put to the Senate and agreed to. Mr. PRESIDENT suspended the Sitting accordingly. 12.50 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

ORDER NO. 3 – TO MOVE THE SECOND READING OF THE BARBADOS NATIONAL BANK (TRANSFER AND VESTING ASSETS) BILL, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President in rising to move the Second Reading of the Barbados National Bank (Transfer and Vesting Assets) Bill, 2000, this Bill makes provision for the vesting of the assets and liabilities of the Barbados National Bank in the Barbados National Bank Inc., a company incorporated under the Companies Act, Cap 308. It also makes provision for the repeal of the Barbados National Bank Act, Cap 322A and matters relating to those paragraphs (a) and (b) above.

The Government of Barbados has recapitalised the Barbados National Bank and the draft Prospectus is currently in circulation, I would like to take this opportunity to apologise to the Honourable Senators for not having the prospectus earlier than today before them. There were some difficulties in the printing and development of the prospectus and it has only just come to our hand.

The divesting of the shares will commence when the Bill is enacted and it provides for the following:

- "1. the vesting of the assets and liabilities of the Barbados National Bank in the Barbados National Bank Inc., a company incorporated under the Companies Act, Cap. 308.
4. (1) The Government of Barbados
 1. shall at the commencement of this Act, hold 100 per cent of the issued share capital of the Barbados National Bank Inc., and
 2. may divest itself of all or part of that share capital whenever it considers it necessary to do so.

- (2) The net proceeds of sale of the shares of the Barbados National Bank Inc. held by the Government of Barbados shall be paid into the Public Enterprise Investment Fund..."

There are tax concessions for the shares purchased. In other words, there will be an income tax allowance for up to \$10 000 invested by an individual in the new company.

The pension rights for public officers who were seconded to the Barbados National Bank are to be preserved in the same way that we have just agreed that the ICB will be treated.

Mr. President, the National Bank has had substantially improved performance in recent years and I would like to point out that the intention is to place 51 per cent of the corporation in the marketplace and make it available to the people and institutions of this country for investment.

The BNB in 1993 recorded a profit of \$250 000. In 1995, \$525 000. In 1996 the profit margin then jumped to \$3.2 million, in 1997 – \$9.6 million, in 1998 – \$15.6 million. At the end of December 1999 the profit recorded was \$18.3 million.

During this period of the BNB's restructuring, the Government assisted the institution by paying market rates on its portfolio of Government securities as well as converting certain funds held by the Bank for Government into equity capital. These measures, together with the Bank's own profitability have enabled the Bank to have a capital structure in excess of \$110 million and a capital adequacy ratio twice the minimum required by the Central Bank of Barbados for banking operations in Barbados.

The authorised share capital of the BNB will consist of 200 million shares divided into 7 classes and the initial capital for privatisation will consist of 96 million shares. Thirty million Class "A" Common Shares will be offered to the public and of these 3 million will be allotted to the staff of the Bank and its subsidiaries. Twenty million Class "B" Common Shares will be offered by way of private placement to financial institutions such as the National Insurance Board, the Insurance Corporation of Barbados and major credit unions with whom BNB has a corporate business relationship. Forty-six million Class "C" Common Shares will be retained by the Government of Barbados.

This ownership structure is intended to promote democratization in the governance and ownership of BNB for the future. As in the foregoing Bill that we have just passed, this is a process of privatisation and bringing real ownership of the two major financial institutions in Barbados to the people of Barbados.

Much of the issues that we had debated in the previous Bill are similar to the issues surrounding the Barbados National Bank and I must say that I would like to congratulate the management and staff for the herculean work they have done with this Bank to really change its profile to improve its performance, and to put it in such a position that we can come here today and confidently create this new institution which will now go to the public and offer shares for sale.

2.05 p.m.

This is an excellent opportunity for the people of Barbados to invest in a financial investment which is intimately involved in building our economy and providing financial backing to a wide range of small and medium-sized enterprises in this country.

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

SENATOR LeR. H. McCLEAN: Mr. President, again one must reiterate some of the sentiments raised in dealing with the previous matter. We see here, an institution associated with Government which has been able to grow and reach a stage of profitability. Before I get to the specifics of the matter, I must express some concern about the manner in which the Board of the Barbados National Bank has preceded on this matter. Although the Honourable Minister says that the Bill now gives the Barbados National Bank the right to go to the public, in fact, the Barbados National Bank has already gone to the public before this Bill came to Parliament.

I was quite shocked to hear the Chairman of the Barbados National Bank on the radio launching the share offer to the public. In my view, this is total disregard for the Parliament of Barbados and strong word must be sent to the Barbados National Bank so that other persons would know that Parliament must be respected if we are to have a parliament that means anything in our democracy and system of Government.

You cannot have a situation where there is a Bill before Parliament and you can basically second guess what Parliament can do. In my view, this is making a mockery of the parliamentary process.

If people start to behave in this manner and adopt the attitude that the Bill is going to be passed anyhow then, progressively, we will see this becoming the norm and the role of Parliament will become meaningless. Rather than people acting based on the things that are passed in Parliament, Parliament would be passing things based on the actions of people.

This is something which I believe must be brought to the attention of the Board of the Barbados National Bank in a very forceful manner. I think that the Minister should meet with the Board and let them know that it was improper and unlawful for them to proceed with launching of shares before the matter was even discussed in the Lower House or the Senate.

Mr. President, this seems to be the trend in our system of Government these days because there was a previous matter that came before this Senate and before it was discussed here the follow-up to it was being introduced in the Lower House. It seems as though this is a pattern which is becoming the norm. Sir, in my humble view it is one that should come to an end as soon as possible.

Mr. President, we saw the Barbados National Bank developed from the Government Savings Bank with branches at Post Offices with the main branch in the Public Building and agricultural workers across Barbados had the opportunity to use the Government Savings Bank. When relatives sent monies from England, it was at the Government Savings Bank that you were able to get these monies changed. These small savings from ordinary people in Barbados were the seed for the development of the Government Savings Bank to the point where it was able to commercialise and become the Barbados National Bank.

Mr. President, to this day, corporate Barbados does not deal with the Barbados National Bank to a large extent. I do not think you will find deposits at the Barbados National Bank from the larger commercial entities of Bridgetown because they saw it as something less than the foreign-owned banks because, to them, it was a sort of piggy bank. They did not give the Barbados National Bank the kind of support which it needed.

Mr. President, it is true that they have contributed to things like chattel mortgages for the average Barbadian but, to some extent, small business persons have not been able to get the kind of assistance from the banking sector in general which they needed because without that support from the banking sector, it is impossible for businesses to succeed. Most of the small businesses in Barbados started out being undercapitalized and, therefore, you are trying to catch up from day one.

I have heard many politicians advising small businesses on what they need to do. I was particularly disturbed recently when I heard a Minister of Government speaking about the shortcomings of small businesses. This Minister had never shown any acumen for business but, all of a sudden, he was in a position to advise small businesses on what they should do without recognising that there are situations which are not text books situations that small business would encounter. For example, a small

businessman has to find wages every Friday but the Bank will look at the wages, give the net amount but not the amount for National Insurance. Then that businessman is seen as some kind of rogue because he was not able to pay the National Insurance contribution.

2.15 p.m.

So, you have a sort of snowballing effect where you are under-capitalised from day one, you cannot meet basic commitments, the banks are not giving you any assistance and then you have difficulty collecting your receivables without that cushion provided by the bank. The large businesses face the same problems but they have the bank to support them.

As a result we find that many small businesses slump because they do not have that support from the banking sector. One would have hoped that the BNB would have been in the forefront in providing that kind of assistance for small businesses in a developmental way. I am not suggesting that the BNB or any other bank should be looking to give somebody something for nothing.

The fact remains that last year the company that showed the highest profit was a bank. I think that is a strange situation that you should have a bank showing the biggest profit in a country and bigger than any other businesses that are being serviced. It is not simply a case that they have more money. It is that they are making more profit because the banks are now in a position where they can charge for everything.

If you want a copy of a statement, you have to pay for it. Some banks do not bother sending you statements every month now. The banks are encouraging you to use the ATM and when you use it they are charging you for using it. Pensioners are being charged for making small transactions. An old woman who could hardly see to operate an ATM or who is intimidated by the machine goes into the bank with a bank book and she has to pay for using that.

There is no wonder that banks are going to show bigger profits than anybody else. Nobody seems to be concerned or believes that you should put measures in place to control them, so they do as they choose because they have the money. If they have the money and you want it then you have to accept anything that they do.

We have the people of this country being taken for a ride by the banking sector. Services that were provided by the bank in the past and services that the bank saw as their duty, you are now being asked to pay for. They are using the money of the same people to generate their profits and if you make deposits less than a certain amount they are charging you for having a small deposit in the bank.

There are some people who, in the past, made small deposits but you cannot risk that anymore because you will find that the bank will be taking more from your charges than you will be getting in interest. The banks are now creating a climate that does not encourage small people to save and on the other hand we are telling people to save but you can only save what you have.

If you do not have \$2 000 you cannot have a minimum deposit of \$2 000 in the bank. If you have \$100 and you try to save it, the bank is going to penalise you by charging for only having \$100 in the bank. I think it is time that Government steps in and puts some regulatory framework in place to ensure that the banks are not allowed to put on service charges as they like.

In the United States they have had to do it because many people have been complaining about the rapid increase in charges that banks have been imposing on people and they have had to put a regulatory framework in place to protect the depositors of these institutions.

I would hope that as the BNB seeks to move to the next level, obviously these steps are supposed to take the BNB to a higher level to release some of the shackles of bureaucracy to make it easier for the management to get better salaries, to allow the average Barbadian to have a share in the profits of the Bank.

I hope that all these things will lead to improvement and that they will also consider the point about the availability of finance to small businesses. On the one hand we are encouraging people to go into business and a climate is now being developed that as long as you have a skill that you should turn that skill into a business. I do not see anything wrong with that but do not set a trap for people that you are going to tell them to start a business and they are going to end up in a situation where they are going to use the property and personal assets as security, then they are going to end up losing everything they have because they did not get the support from the bank.

Earlier Senator Bolden made the point about people having preferential treatment in the insurance industry, the same thing happens in banking. You will find that when certain people go to a bank the only guarantees which they are asked to present would be guarantees pertaining to the assets of the business. When other people go to the Bank, they are asked to provide personal guarantees so that their house, land and everything that they have are now at stake, whereas there are other people whose liability will be the assets of the business and this is a case of different strokes for different folks.

2.25 p.m.

In introducing the Bill, I also heard the Minister mention the statement, which I would like to have some clarification on, that credit unions have a corporate relationship with the Bank. I want to know if this means that this only applies to credit unions that the bank has been dealing with over a period of time, and not to all credit unions. If that is the case, then it needs to be made clear, because the impression being conveyed was that these shares were being made available for all credit unions.

On the matter of shares which are available to credit unions, one has to question the timing of the share issue, because a share issue coming to the Barbadian people at Christmas time, is like telling certain people these shares are not for them. And if we are honest, we have a climate in Barbados where the average person; the poorest of our society is being targeted by the commercial sectors to spend at Christmas time. They are being told that they must buy this, that, and the other, and all kinds of other things put in place just to lure that person to spend at Christmas time.

The Bank has now come to compete with the business places, with the mistaken notion that you could win... I am telling you and you will know, that the average Barbadian is not going to forego Christmas spending to invest in any bank, because that is not the culture of the majority of people in this country. I am not saying that it is the best thing to happen, but that is the reality. No one is going to get the average Barbadian to invest in anything which would compete with his Christmas shopping.

The other thing is that this is the time when the credit unions, themselves, will have various pressures on their cash flow, because this is the time when their members are going to be borrowing more for consumer spending, therefore, they are going to have problems. They already have difficulty servicing the demand of their members and now, at this time, you are asking them to buy shares in the Barbados National Bank when they already have the various pressures on their resources.

I have a strong suspicion, Sir, that the share offer to the credit union, or to the average person will not be as successful as people believe it will be, because if the shares are rapidly taken up, they will be taken up by, not the average Barbadian, but by those people who do not spend at Christmas time.

All of us know that the wealthy people of Barbados do not spend in any extravagant way at Christmas time, because they do not need to do so, but the average man who believes that he has sacrificed throughout the year and wants to have a big splurge, is the person who spends at Christmas time. Therefore, he will be the one who will not be able to buy the shares, but the person who has already spent will be the one in a position to snatch up the shares in the Barbados National Bank.

Sir, I am wondering if this is a policy of exclusion, where a situation has been created which will lead to certain people being excluded from participating in the share offer, and not telling them so, but by creating a situation where they will not be in a position to take advantage of them. This is something that if we are honest to ourselves, we would know that that must be of some concern when we look at the timing of this share offer.

Mr. President, the Government has divested 51 per cent and if it is going to go now, it is not going to go to the people who have built the Barbados National Bank because, as I had said, it is the small agricultural worker in the country and the average worker in Barbados who have built the Barbados National Bank.

Anytime that one goes into any branch of the Barbados National Bank and sees persons other than persons of African extract there, the chances are that they are foreigners. The other ethnic groups do not support the Barbados National Bank. They support the foreign banks, like I said, because they do not want to be associated with that institution.

If there is now going to be a situation where, having reached the stage where it is now a successful entity, and there is going to be the sale of shares in that entity, and in a situation where the very people who are responsible for it reaching that stage, are now being excluded, or in a situation where they will not be ready participants, but instead the people who have ignored or have neglected the Bank in the early days, and did not contribute to its growth, they will now be the ones to come in and buy. I think that is something of great concern and the Government should really re-examine the timing of this share offer?

The other point is, what will be the composition of the Directors of the Barbados National Bank, with Government holding 49 per cent of the shareholding? To what percentage, or to what extent of control will the Government now have in the directorship?

The Directors of this institution must be persons who understand the climate and the history of the institution. They must be people who see the Bank, not merely as an entity to make massive profits but, as an entity which must also play a developmental role. And by a developmental role, I am not talking about largesse, I am not talking about the Bank giving loans which they cannot recover, or which they know from the outset they cannot recover but, certainly, we want to see, not only the Barbados National Bank, but all other banking institutions in this country providing that safety-net for businesses.

If we are going to get small businesses to develop in this country they must have that facility, because, in my

view, this matter of self-employment has been used as a means of absorbing people out of the labour force, so that there is less pressure on the unemployment statistics. There is nothing wrong with that if people can find self-employment but, do not as I said before, set a trap for them. Do not give them the false hope that there is an opportunity when in fact there is none. The banking system must be more sensitive to the needs of small people.

If there is any omission on my part with respect to anything in this document, I must admit that it was only an hour ago that I saw it for the first time. Perhaps, if the bank had acted in a proper manner, we would have had all of this before us, so that we could have studied it properly before it was in the public domain.

We probably have a situation where some of the accountants, and the people who would have a strong interest in the assets of the Bank, were able to have access to it long before we were able to.

Asides.

SENATOR LeR. McCLEAN: Thank you, Mr. President, I can assure you that I will not get caught up in these guilt forces, but one cannot over-emphasise this point, Sir. I feel very strong and very passionate about our Parliamentary democracy and one has to wonder if, already, we are going to behave in this manner, what will happen in the new Republic.

We have to ensure that we secure all of our institutions and make sure that our institutions are on solid ground, and not in a position that people can tamper with them. Therefore, Mr. President, whereas we must give some kind of support to the measures and to the other things that had to come at some time which, again is one out of necessity and not out of choice.

The only thing we can say is that we hope the Government pays close attention to the ramifications of this privatisation step which they are undertaking. We sincerely hope that persons who should benefit from the privatisation will, in fact benefit, and not a situation where those who have been on the sideline observing and, in some regards, expecting the Bank to fail, that those would not be the persons who will come in and reap the rewards of the Bank's success.

I also want to end by, once again congratulating the staff of the Barbados National Bank; a staff that has worked under some very trying circumstances at times, a staff which has had to resist many forces brought against them from time to time and to do what was necessary in the interest of the Bank, which has been able to survive and keep on an even keel.

It is true that a lot of the profits recorded for the bank are not as real as one would think, because this was a case where you were able to dispose of certain liabilities, like the debts of the sugar industry and therefore made the books look a little better. Nonetheless, one can still say that it is better to have a profit than a loss and as I said, the members of staff of the Bank have done a sterling job in keeping that institution afloat and having brought it to this level that, at least, it now appears to be an attractive proposition for investment by people in this country. I thank you, Sir.

2.35 p.m.

Mr. PRESIDENT: Senator Rickinson.

SENATOR Mrs. P. E. RICKINSON: Thank you, Mr. President.

Mr. President, I rise to support the Barbados National Bank (Transfer and Vesting) Bill, 2000 and I would also like to say a word to congratulate the Chairman and members of the Bank for the work they have done because when it first started, we heard that it was the first bank that ever lost money. They have managed to work very hard so that the Bank has become profitable and an attractive investment.

I would also like to register my concern for the fact that while I was on my way driving here, I heard they were advertising that the shares were available for the bank even though the Act has not been discussed in the Senate and it is of grave concern. What are the signals that are being sent to the public? That anybody can do whatever they feel like doing? We have been discussing this type of behaviour in this Senate from time to time. On many occasions, we discussed it about the naughty boys, the antisocial behaviour, the crime and people breaking the law. Now, we see it in high places.

We see now we have come face to face, and this is not the first time it happened. It happened with the Tourism Department when we were discussing the Act, the persons were sitting down in office even before the Governor-General had written and said, "I assent".

I have always been told that any legislation becomes law only after the Governor-General writes and says, "I assent". I have been told that because in nursing, what happened there was a change in the legislation for the Deputy Chief Public Health Nurse and we kept pushing for the post to be legal and they kept telling us that it was not law because the Governor-General has not said that he assents. Obviously, this has to go through the Senate before it gets to the Governor-General and the same principle applies here.

We have to be very careful of the way we do things. It is not what we do. It is the way it is being done and the

signals that we are sending to the young people of Barbados. We cannot afford to send signals that when you are in high places, you can do as you please and disregard the law but when you are poor, you will go to jail.

Sir, this is a very serious matter and I feel that an apology should be given from those persons who have gone ahead and issued the forms to the extent that all of them have been taken and they have been told that they have to wait until Tuesday for more to be printed and lo and behold, we are here debating the Act. It is not right.

Mr. President, I am very glad that the Government at the moment is going to maintain the majority of the shares in this Bank and I will also like to add to the cause that the ordinary people who would like...

SENATOR THE HON. P. C. GODDARD: On a point of order, Mr. President, while it is true that the Government is maintaining a substantial interest in the Bank, the Government is only maintaining 49 per cent, so it would be a minority interest, but a substantial interest.

SENATOR Mrs. P. E. RICKINSON: Thank you. Although the Government is maintaining 49 per cent, not one single person is going to be able to buy 51 per cent of the shares. In reality, the Government will hold most of the shares in a bloc and therefore have controlling interest. The other 51 per cent will be distributed among several different persons, companies and trade unions, *et cetera*, and not one person. In reality, it is the Government that will have the power regarding the decisions. They are not only maintaining the interest, they are maintaining the interest in the type of shares that are going to give them power to say who should be Chairman, *et cetera*, because they are different types of shares that are being offered.

Sir, I would like to say again that the ordinary person who does not have very much money, who would like to invest, and we have been calling for people to invest, I sincerely hope that they will not be disappointed and therefore, they will allocate the investment so that the ordinary person will benefit from the privatisation of the Barbados National Bank.

With this, Mr. President, I support the Bill.

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Thank you, Mr. President. I want to give my wholehearted support by this move at greater economic democracy in this island of ours. The Barbados National Bank is a fine example of Barbadian vision and foresight because the establishment of the bank in 1978 came at a time when it was felt that the Government

should not be engaging in these sorts of activities and it was thought that the Government was getting into areas that they should not be getting into, so much so to the extent that people were told not to deal with the Bank and prominent figures of the land called it a piggy bank, Sir, and that is a fact.

It is against that background that the Bank had to fight and the fact is that, according to the last estimate, it had the second highest profit of our banking institutions last year and it is virtually the number one bank in Barbados. This is due to the fact that Barbadians have come to realise that it is their bank and that they can take pride in it and hence, they went all out to ensure its success.

Sir, I know from first-hand knowledge that the staff of the bank is highly committed to its success. When I say first-hand, I mean intimate knowledge that the staff of the bank worked beyond the call of duty to ensure that the bank succeeded. It was not easy because there was a time when, I think, the share capital was virtually exhausted because of the losses that the Bank had run up in the initial period. There was even talk that the bank may go under.

The fact that today it has achieved this high level of profitability, is not only due to the staff but due to the fact that in 1994, this Barbados Labour Party Government felt that the bank must survive and it gave it a board. It then gave the Board autonomy and with a mandate to run it as a commercial bank, making commercial decisions and to the credit of the Prime Minister, he did not interfere in the running of the Bank.
2.45 p.m.

The Bank went out and hired the best man they could find and paid him accordingly with a mandate to turn the Bank into a profitable undertaking. I am glad that it has achieved that but we always realized, Mr. President, that this transition did not come about by chance. It came about because the Government took the initiative that this Bank must succeed and gave it the human and other resources in order for it to achieve success and profitability.

Sir, there is the question. Now that the Bank is successful what are you going to sell it for? There are two answers to that. One, if it was not profitable, why are you selling it to the people of Barbados? That does not make any sense at all. You cannot get it sold if it is not profitable. The people of Barbados deserve more in the name of democracy. Is it that all that we can get is something that is not profitable? I disagree with that. The sale of the Bank at the time when it was making a profit is a clear example to share the benefit of the economic success of the Bank, given that the success of the Bank came about as a result of the people of Barbados in spite of the advice to the contrary of investing into the Bank and supporting the Bank. So they

supported it. Now why should they not share in the success of the Bank?

Sir, I am convinced that we need more instruments for investments in Barbados. This talk about it is Christmas time and people are going to spend more money is so derogatory. It is derogatory to say that the people of Barbados have no sense. All they know is to spend, spend, spend. That is an insult on the integrity of the Barbadian. Do you mean that all we can buy is a ham and turkey, liquor and TV for Christmas? When profitable instruments are put there, we would prefer to buy a TV than to buy shares? That is saying nothing for the intelligence of Barbadians.

I take exception to that statement that all what Barbadians know are to spend, spend, spend. If you have profitable instruments there, you are going to leave the instruments there and spend the money in Christmas spending. That is not worthy, Sir, of the people who made those statements.

Sir, I believe that the people of Barbados, even the so-called small man, whoever she or he might be, know a good value when they see one. I am very convinced, Mr. President, that in spite of Christmas and whatever, the people of Barbados will warm to this offer. I would not be surprised if it is over-subscribed.

Sir, I believe that Barbadians who live abroad have maintained their identity with this country. In spite of living overseas over the years, they have maintained their "Barbadianism" and they should be invited too to participate in this company and the one we debated previously.

I think that efforts should be made through the Embassies or whatever, provided we stay within the law of the land in which they operate, to sensitize Barbadians to what is happening with regards to these institutions and invite them to share in these institutions. That may be a way of getting some foreign exchange also and it will make sure that Barbadians overseas have a stake in this island. They have an emotional stake because as far as they are concerned, they are still Barbadians. We want to go a little further and have a financial stake in this their country, which I know from living around them, will always be their country. The older ones say they are but pilgrims in a strange land.

Sir, this offer comes at a good time and Government must be commended for taking some important decisions. One decision in Section 4(3) of the Act states:

"All shares of the Barbados National Bank Inc. held by the Government of Barbados pursuant to paragraph (a) of section 4(1) shall, if sold by the Government in accordance with paragraph (b) of that section, be treated as shares to which sections 37B and 37C of the Income Tax Act applies; and the tax concessions specified in those sections shall apply in respect of these shares."

This means that when the public goes and buys shares they will get a tax deduction. There is an immediate tax implication and the Government must be commended for making that move which will mean that a lot of people will have an even greater incentive to purchase shares in BNB and the ICB.

Sir, it is not really in the Act but I am told that the staff at the Bank will be given special loans. I think that it might be in the Prospectus, in order to help them buy some of the shares. A few million shares are reserved for the employees of the Bank and that is a very good thing because they were the ones who in the dark days stuck with the Bank and helped to make it profitable. Yes, I am told over three million shares are reserved for the employees. It is good because they have worked hard and took some of the insults.

All sorts of things were said against the Bank in the earlier days and it was not easy. Now that the Bank has turned around it is very good that Government has gone out of its way to ensure that the staff members are given this facility. This will go a long way to make them fully realize that they are part of the organization. Sir, we are confident that the Bank will go from strength to strength and a lot more people will have a stake in the Bank and they will share in the success of the Bank. On the other hand, they will also share in any difficulties. It would be in the public interest to make sure that the future of the Bank is maintained.

Sir, it is coming at a time when Barbadians have now gotten over the deprivation that was visited upon us by the last Administration. They are now comfortable enough to go and venture into the marketplace. Sir, I want the time to come where the people of Barbados will see the selling and buying of shares almost like selling and buying of other commodities. This will become part and parcel of their vocabulary.

2.55 p.m.

The buying of shares must now be seen as one of the first options for a person with a few hundred dollars that he wants to invest. Before, the only company in Barbados you could invest in was the Barbados Light and Power. It must be now seen that a lot of companies are now offering shares. That is why we have to encourage some more of the bigger private companies to consider going public.

It is one way of spreading the benefits around and also we want to encourage some of those who are already listed to put more shares on the market because we have too many companies which when they want to make investments still prefer to go to the bank and borrow as opposed to putting some shares on the market so that then they can borrow in a way from the public. They will get the same money but it is a case of sharing the wealth of the country.

I think a lot more companies should follow Government's example because Government intends, according to the Prospectus, to have these shares listed on the Exchange although they said that they cannot guarantee it because, obviously, the Exchange can decide who they want to put on. The intention was made clear in the document that the Government will have the shares listed on the Stock Exchange so that the trading of them would be that much easier to accomplish.

Sir, I support this Bill noting the implications it has for the people of this country and I would want to encourage all Barbadians to take advantage of what I think is a good offer. When they buy the shares, they should see them as an investment and buy and forget them so to speak. Keep them for your children and grand children and do not see shares as something that you sell at the first opportunity! See it as a long-term investment. It must not be seen like a savings account. It must be seen as a long-term investment where we are buying for the future.

I am sure, Sir, that the money from this sale of shares which will go into the Public Enterprise Investment Fund will go a long way towards the realisation of some more worthwhile projects which will, in turn, benefit the people of this country.

The money that we get from those shares of the Barbados National Bank will go a long way towards the development of other areas of Government. Judging from the record of this Barbados Labour Party Government, you can be sure that the money will be well spent because the record is clear.

Sir, with those words, I want to commend this Bill to this Honourable Chamber.

SENATOR C. A. MASCOLL: Mr. President, I rise in this debate to offer my input. I can certainly say that it would be at this stage useless but, nevertheless, I have to make my contribution.

The very hurried nature of this exercise is perhaps the most worrying. I do not think that one can judge the efforts being made to broaden the base of ownership, but we can certainly question why there is such a hurry. In fact, to substantiate my position on that and the hurried nature of the exercise, I looked at page 81 of the share offer and found that the Chairman of the Board, Mr. Wendell Phillips, actually signed on behalf of four other Directors of the Board. He signed on behalf of Basil Springer, Deputy Chairman, Trevor Clarke, Director, Timothy Simmons, Director and Senator LeRoy Trotman, Director.

I think that that alone is enough to suggest that this process has been expedited for whatever reason.

SENATOR T. E. BARKER: On a point of order, Mr. President. I do not think that we should be imputing any motives to the Honourable Chairman who would have had very good reason and the proper legal authority to sign on behalf of these persons. Reference to his conduct in signing for these persons is unfortunate.

SENATOR C. A. MASCOLL: Mr. President, I nowhere indicated that it is unlawful or illegal for the Chairman to sign on behalf of the Directors. I am simply suggesting that something must be amiss that...

Mr. PRESIDENT: I will stop you there. I understood your suggestion to be that it was indicative of the speed with which the matter was brought forward. To use the words which you now use seems to take it beyond the kind of protection I was prepared to give you.

SENATOR C. A. MASCOLL: Mr. President, I will withdraw the word "amiss" but the signature for the other Directors do indicate that there has been some degree of unusual speed in putting this share offer together. I am saying that for four Directors out of a total of 12, which constitutes one-third, would be very unusual for them not to be available at that time. That is just a question of recognising that there has been some haste and the haste is evidenced by the fact that those in the Lower House complained about the Prospectus being put in the public domain prior to the debate in the Lower House.
3.05 p.m.

Mr. PRESIDENT: It is out of order to refer to debate in the Other Place in this session of Parliament.

SENATOR C. A. MASCOLL: I am not referring to the content of the debate, Mr. President, I am simply suggesting that it is evident that the Prospectus of the Barbados National Bank was put in the public domain before the debate took place in the Lower House. I can see nothing wrong with that. I am simply saying that it is the fact of the matter. There must be something in terms of the time which I am not privy to.

I do not think anyone in this Chamber is privy to the reason why we have this hurried attempt on the part of the Board of Directors at the Barbados National Bank, but that comment was never intended to be a major comment. I do not see why it has excited the Members on the Other Side to respond to it because it was simply a point of fact and it was never intended to be major comment. What is intended to be major is that the price of the share at the Barbados National Bank of \$1.80 comes into the market way below the average share price of many companies and similar institutions.

Mr. President, that by itself is not major either but what is important to note is that an organization such as

CIBC Holdings, for which I do not have the most recent data, about two years the average share price was \$1.90 and the earnings per share at 1997 for CIBC Holdings when the price per share was \$1.95 was 15 cents.

Sir, here it is that CIBC which is being hailed as a major success story in local business with Branches throughout the region, would have had an average share price of \$1.95 in 1997 and a rate of return of 15 cents per share but the Barbados National Bank, which can hardly boast of the record of CIBC Holdings, has a share price of \$1.80 and an expected share return of 19 cents in the year 2001 and 21 cents per share in 2002.

Mr. President, I am not privy, neither is the Chamber privy, to the information that was used to determine the overall average price of a share in the Barbados National Bank. When compared to a similar organization, that is, in terms of the financial sector, it is an organisation that has proven over the years to be well managed in its business affairs in Barbados and throughout the region. The Barbados National Bank, in a strange way, compares favourably to other banking institutions in the expectation of its earnings per share.

This is difficult to understand from the point of view that we have the Barbados National Bank becoming a shareholding kind of company as compared to an established shareholding company like CIBC Holdings. Barbados National Bank, having only shown the capacity to manage its affairs in an admirable way in the last five years, has now entered the market with such value.

Sir, there is another strange twist which is evident in the annual reports of the Barbados National Bank. In 1995, the auditors of Barbados National Bank were K.M.P.G Peat Marwick, Chartered Accountants, but by 1996/97, the auditors became Price, Waterhouse, Coopers Chartered Accountants. Again, Mr. President, I am not privy to the reason why there would have been a change in the auditors of the Barbados National Bank and given that I do not have that information, I cannot make any inference as to what could have caused that change. What I do know is that when some of the accounts of the Barbados National Bank are checked, there might have been certain changes in the classification of items in most recent times.

Sir, I say that to say that the way in which you can manipulate accounting information to show profit is not an unknown. We are very knowledgeable in that area, that you can reclassify assets and liabilities in a way that can create the kind of outcome that you are seeking to create. When you look at the losses and the write-off of loans at the Barbados National Bank, there was a miraculous jump between 1996 and 1998.

Sir, as I have said, I do not have enough information, even from the Annual Report of the Barbados National Bank, to be able to determine why one reputable Chartered Accountant firm would have been replaced by another unless there were some internal matters that we were not privy to. I cannot make any judgement why the auditors would have been changed at the time that they were. I can say that there was a significant coincidence of events in the Balance Sheet of the Barbados National Bank around the time that the change occurred. Someone on the Other Side might be able to explain why there was a change. I am not able to, but I noted it as part of my presentation.

Sir, it does not stop there. You do not become overnight a profitable, sustainable, viable organisation, having had a history of mismanagement perhaps, under performance, for sure, and uncertainty. While I understand the need to execute the operation to increase the enfranchisement programme, I would wish for Barbadians to understand that investment decisions are made purely on the basis of financial and economic indicators and should not be made on the basis of political desire. An investment matters only when you can anticipate the rate of return on the investment.

The colour of the investment is insignificant. Its political persuasion is highly insignificant and all that matters is whether or not the rate of return on the investment can be guaranteed in the way in which you would have anticipated having purchased a share and having become a shareholder.

This is important because we all know that you can manipulate information in the Balance Sheet. It happened in the case of the purchase of Heywoods Hotel where there was an immediate improvement in the Balance Sheet because of the reclassification of the land and property values and, therefore, the assets of that entity shot up overnight and made the investment very attractive to a would-be purchaser who is interested in details of an economic and financial nature.

The particular reclassification caused an outcry that it was the selling of the family silver while, in actual fact, it was simply that because of the existing happenings in the real estate market, that almost overnight you could have increased the assets by the tune of almost \$40 million.

3.15 p.m.

It is similar to what has occurred in the indebted plantations and sugar estates around Barbados where because of the increase in real estate value, an indebted estate was able, in recent times, to go to the bank and say that it now has an asset that is far in excess of the debt which it owes. Therefore, it is now seeking to sell and to wipe off my debt and pocket the remainder as return. That is all because of what happened in the real estate market.

Mr. President, it is similar to what has happened to Paradise Beach Hotel which was purchased for US\$6 million and now is being sold for US\$25 million only because of the way in which real estate land and property value have appreciated in Barbados in the last three to five years. Without any adjustments to the asset, the market has driven up the price and has done wonders for the holders of the asset to the extent that they could now smile an everlasting smile. Those examples that I have put on the table, because I am suggesting that kind of adjustment in your assets given by market forces, can almost overnight result in the complete change of colour of a balance sheet.

It is unfortunate that the share offer information about the performance of the BNB could not have been made available to us on a more timely basis such that we could truly and effectively debate the offer of shares to John Public.

There was talk about ensuring that certain classes of people and businesses have access to shares in the BNB. If you look at it, it says clearly that credit unions which have a relationship with the BNB would be offered shares. That is loosely worded and, since I am not privy to which credit unions will have a business relationship with the BNB, I cannot say which ones will benefit from this offer.

If it is that we are truly seeking to enfranchise, then it should not matter whether you have a relationship with the BNB or not. I am saying that to suggest that smaller credit unions like the university or the police may not necessarily have a relationship with the BNB should still be in a privileged position to purchase shares in this redefined Barbados National Bank. The indication is that we are seeking to broaden the base of ownership and we believe that since the average Barbadian is involved in a credit union, that allowing credit unions to purchase would, in fact, meet the objective of broadening the base of ownership.

There is a particular clause here suggesting that unless you have relationship with the BNB, as a credit union, you may be denied an opportunity to engage this share offer is, again, to go contrary to the notion that economic enfranchisement is a desirable objective and should be pursued by all.

It says here and I quote:

“The 20 000 000 Class “B” Common Shares in the capital of the Bank do not form part of the Offered Shares to the Public of Barbados, but are reserved for private placement by the directors among such Statutory Financial Institutions of Government and major Credit Unions in Barbados, with whom the Bank already has a business relationship which it is considered beneficial, in the interest of the Bank, to deepen and forge into stronger financial alliance.”

That suggests to me that there will be limited participation by the credit unions. Let me issue a warning to credit unions. I have spent a long time at the Central Bank of Barbados defending the Credit Union Movement and ensuring that, along with many others, they are never regulated along the lines of commercial banks.

The credit union must be careful that it is not investing in a commercial bank which is competing with it in the same financial market. The real reason why you look for alternative investments is to diversify your portfolio in the event that certain factors occur and affect one sector of the economy more than the other, so that the diversification of your portfolio is really to guard against certain risks.

Unless an investment in the Barbados National Bank is going to yield a rate of return for a credit union that exceeds its own capacity, to invest that money and generate returns for its members, then upon the basis of financial indicators alone, the credit union should exercise any such privilege to purchase shares in the BNB. The credit union is involved and must see itself as involved in a sector simply to make money. Business and politics do not mix. Business is about maximizing investments and returns, and politics is about maximizing votes. The two do not mix. They only mix to the extent that you have some money to buy some votes and that is when they mix, beyond that they do not mix. I am saying that on the basis of pure financial indicators, you should make a decision to invest.

An individual investing in the Barbados National Bank immediately gets a tax credit which can prove to be beneficial because it reduces his tax liability for the given financial year. When a credit union purchases shares there is no such benefit to the individual members of the credit union. I wish to ask, is it not possible for some measure to be put in place whereby the individual member of the credit union is entitled to some form of tax credit when the credit union purchases shares with the members' money in an organisation? That maybe difficult but it is not impossible. It maybe possible, Mr. President, to pass on the benefit to the credit union and in so doing the credit union then passes it on in the form of a better dividend to the members of the credit union.

3.25 p.m.

There is no such provision, as far as I know or any particular benefits to be derived by the credit unions themselves, in the purchase of shares from the Barbados National Bank.

In any event, Mr. President, credit unions bank most of their monies with a commercial bank; be it the Barbados Development Bank, or some other commercial bank. Therefore, from that point of view alone, they are already

engaging in business with the Barbados National Bank, or some other commercial bank.

On the basis of what we are seeing, while it is true to say that the performance of the Barbados National Bank has improved over the last three to four years, being an active member of the credit union, I am not convinced that to take the members' money and put it in an investment in a commercial bank, is the preferred alternative to the credit union itself, utilising those funds in the interest of the members in the form of investment.

And I reiterate, Mr. President, that it is simply moving your money from the credit union to a commercial bank, which is engaging that similar provision in this country. That does not seek to demonstrate any hedging against a particular risk and, therefore, to minimise it, it does not demonstrate a very sensible move on the part of the credit union. It can otherwise, utilise those funds more efficiently than the commercial bank whose performance is questionable, when we are expanding over a period of time and not just three or four years. On that basis then, it may be difficult for me to think that my credit union will blind-foldedly accept this share offer, blindfolded, without scrutinising all of the realities.

Of course, the other thing would be subject to this share offer. As it now stands, by December 15th, credit unions would be offering members special loans of at least \$1 000 per person for engaging in Christmas shopping activities or such like. They will be engaged in some form of loan and, therefore, from the point of view of managing their resources, this share offer may not come at the most appropriate time because, there may be a major cash flow problem around this time, where credit unions are giving out loans now for the Christmas season, and where there will be some difficulty in January and February.

So that, Mr. President, the Barbados National Bank is being put out here to profit and one cannot question, as I said earlier, the objective but one certainly can criticise the exercise of an institution such as a credit union, in putting its money with the so-called name, when one is actually seeking to commit against some institution engaging in the provision of service similar to the one that you deliver to the public.

As a very involved credit union member, all the evidence which I can see is that, not only credit unions are better managers of their own finances, but certainly they provide a much healthier return. As a credit union member, each year I am proud of the invested dividends paid on my shares.

Also, the other problem one experiences from the bank is accessing loans and such like. Again, this is based on who you are and your capacity to access, but with the

credit union, a person is treated in accordance with his contributions to the overall credit union.

I would hope that credit unions look critically at making investments in the Barbados National Bank because I am not, in any way, convinced that it constitutes a better mean or measure for the earning of money than for them to efficiently and effectively utilise their resources, as has been the case with the credit union of which I am a member.

Therefore, Mr. President, while I can support the exercise, I must confess about the overall impact that it will have in the decision-making of some other financial organisation. Thank you, Mr. President.

Mr. PRESIDENT: Senator Murray.

SENATOR THE HON. G. S. H. MURRAY: Thank you, Mr. President.

Sir, at the outset, I think I feel constrained to declare that I am also an unrepentant supporter of the Barbados National Bank, being one of its first clients, because I believed strongly in what it stood for. I am glad to see that, over a period of time, it has come to utilise the confidence which was placed in it back in 1978. Therefore, I am proud to play a part in this positive move this Government is making in this regard.

Mr. President, that apart, I want to say that I wish and, particularly after what both Senator Mascoll and Senator McClean said, that the Democratic Labour Party would come right out and say exactly what it feels about this share offer. After protesting at the initial stages, they said that they will support it, not oppose it.

After all the suspicions, the innuendos, the slurs, the snide remarks they had made against the Bank, its performance, its Directors, *et cetera*, I think what they want to say... Senator Mascoll is not in a position to advise these credit unions to get involved with the investment, but I think what he wants to say, I will say it for him.

As far as Senator Mascoll and the Democratic Labour Party are concerned, credit unions, *et cetera*, for all intents and purposes, should not involve themselves in investing in the Barbados National Bank.

I also find it interesting, Sir, that whenever there is any positive situation, the Democratic Labour Party never speaks of the small man, or the poor black man, but only when it is something negative, they can invoke such a phrase, and I am yet to hear Senator Mascoll, or Senator McClean set it down. They are not ready for it, but they are opposed to the Barbados National Bank. The Barbados National Bank is a

tradition to the Democratic Labour Party. It is part of their political culture.

I know when it was set up, no less a person than its founder, the then Leader Errol Barrow, was against it and called it a piggy-bank, a phrase that was then taken up by Dr. Caddle. All through the years, they have systematically and methodically sought to undermine and diminish the public's confidence that it has had in this institution.

I am very glad, Sir, that there is a point where the Barbados National Bank has reached, where they are finally able to go to the public. This to me, casts off its image as the virtual "outside child" in the banking sector. It was seen as less than a bank, aided and abetted by the Democratic Labour Party's attitude which did not seek to enlighten the public's mind, or to educate them how they should see a bank which, as the slogan says, "The only Bank that you can truly call your own". And that is true, it is the only bank we can truly call our own in Barbados.

The public of Barbados has demonstrated some of that confidence by their rapid response to the share offer, and the fact where all of the Prospectuses and Application Forms have been snapped up, and people have not snapped them up because they wanted something to do with all that paper, but because there is an abiding interest that has grown over a period of years.
3.35 p.m.

SENATOR THE HON. G. S. H. MURRAY: People are not snapping them up because they wanted something to do with paper to litter, but because there is an abiding interest grown over a period of years, largely within the last five years under new management, new chairmanship and more enlightened leadership, that the BNB has begun to realise the faith that had been placed in it over a long time.

This offer coming at this time, Sir, is to me probably one of the best Independence gifts that the Government could make available to the people of Barbados. It really is a substantial Independence gift. Some people will tomorrow get National Honours, in various categories and only a narrow, select clique of people will get them. But this share offer is an Independence gift which can inure to the benefit of virtually every Barbadian household and for countless generations of Barbadians to come.

I therefore welcome it. I congratulate the Government on it and I want to commend the staff, the board membership and its new management for being able to put it in this position to realise it. We should not apologise for it because this day has been long in coming. For many years, far too many people sought to make us believe that this could not happen, but we believe in the BNB and it has realised our ambitions and dreams at long last.

Sir, it really pains me when the Democratic Labour Party could so seek to cast doubts on the advisability of investing in the BNB that it could describe this offer as a "fire sale". Mr. President, I checked the Oxford Dictionary and it defines a "fire sale" as "a sale of goods frequently at low prices, remaining after the destruction of commercial premises by fire".

Asides.

SENATOR THE HON. G. S. H. MURRAY: That is what a fire sale is, Sir, and anybody who read the performance of the BNB in recent times, saw the profit that it has realised and saw the reduction in the non-performing loan portfolio which went from 30 per cent down to 7 per cent between 1995 and 1999. There are many other factors I could cite, apart from the profit which at 1999 was something like \$18.3 million. I do not understand therefore, by any stretch of the imagination, if it can be factual, if it can be accurate, if it can be true and fair, you can regard it as a "fire sale". It could not even be a "garage sale", which is a sale of miscellaneous second-hand items, usually held in the garage of a private house.

Sir, so it is neither a garage sale nor a fire sale and thank God, it is not a case of selling the family silver because I do not care how you try to dress it up now in the light of today's economic circumstances, in the light of the improved performances of the Barbadian economy over the last five or six years. What happened when Heywoods, the BET shares and Flour Mill were sold is that you are back to the wall, you were fighting with your bare breath and if you could reinvent slavery, you would have sold Barbados just to get money to do it. I say that about the Democratic Labour Party and they shall stand condemned in my eyes forever and ever where that is concerned.

Sir, I had hoped that in the course of this debate when Senator Mascoll and Senator McClean first started, we would have been able to welcome the turnaround in the outlook of the DLP regarding the BNB, but I am afraid I have not been that fortunate. I suspect that we will never see that because they cannot take the success that is share offer to the public indicates for the Bank and, by extension, the political benefits that must come from it.

We are made to take our licks when the going is rough when we make mistakes but the fact is that what has happened to the Bank is part of an overall policy of the Government that we have brought to fruition.

We also have to remember that if you look at this Prospectus, when you look at page 15, which looks at the reorganisation and restructuring of the Bank, let us see what this document says about the Bank in June 1992.

"In June 1992, following a review of the Bank by the Central Bank of Barbados, and during negotiations between Government of Barbados and the Inter-American Development Bank for an Investment Sector Loan, the Central Bank of Barbados noted the Bank was faced with an unacceptably high level of loan losses and an illiquid situation."

In other words, the Bank was in serious trouble.

"The International Monetary Fund, at the invitation of the Central Bank provided a consultancy to investigate the Bank's circumstances and recommended that certain actions should be taken." The review recommended *inter alia*,

"A restructuring of the Bank from top to bottom in order to achieve objectives of being a customer-oriented, competitive, profitable commercial bank utilising modern technology and having a professional staff; the streamlining of reporting structures and the recruitment of experienced commercial bankers to fill key managerial positions."

It also recommended that the Bank's portfolio should be managed according to prudent commercial lending principles.

The report indicated that the lack of any credit strategy, poor credit decisions and follow-up over many years had resulted in a loan portfolio, which was generally poor in condition."

Sir, it goes on and talks about a litany of woes in the days of the DLP when the BNB was mainly struggling along. I do not think that any snide remarks, innuendoes or suspicious talk about certain personalities connected to the Bank, can undermine the success of the Bank.

Sir, as recommended, there was a change of directorship and chairmanship at the Bank, as well as recruitment of the best possible commercial manager, an experienced banker. The Bank also embarked on an internal retraining programme to put eligible staff through a retraining process with a view to assigning them to other positions within the Bank. The Bank also appointed a senior professional banker as Managing Director, in addition to Managers in the areas of Credit Administration, Banking Operations, Human Resources and Retail Banking.

Sir, also as stated on page 16 and I quote.

"The Board also appointed a productivity emoluments compensation committee, with full co-operation of staff and their representative body, to

study and devise a plan for the remuneration of employees and to narrow the disparity gap between its employees and their counterparts in the banking industry..."

Sir, it goes on, but the point is that this therefore has not been anything that has happened by sleight-of-hand, or the waiving of some magic wand. There has obviously been serious thought, hard work, good policy-making, good decision-making and good management, so that when all was put together, have resulted in the improved fortunes and circumstances of the Bank.

Sir, therefore, I do not have to say much more. I too, like Senator Barker, suspect that this offer is going to be over-subscribed. The initial reaction to the offer is no accident. Barbadians have money to invest, not by accident, but as a result of the recovery from the economic holocaust that we went through under the DLP.

Sir, now they are not losing their homes, or their mortgages. They do not have to put their homes up for rent and go back home with their mother or their aunt. As a matter of fact, nowadays you could scarcely get homes to buy, the demand is so great. There is a change of fortune and people have faith in the future. People now want to invest for themselves, for their retirement and for their children and future generations of Barbadians.

It is symptomatic, Sir, that Senator Mascoll could talk when the share offers are coming at this time of the year and advising against it. He also talks about the credit unions now making special loans to Barbadians of \$1 000 or so at Christmas, to tide them over the Christmas Season.

Sir, that was one of the practices and policies of the DLP where they felt that the average Barbadian had to live hand-to-mouth. They would lend a public servant \$1 000 at Christmas and it would be paid back over a period of two or three months. It reminds me of the advance in loans that the DLP used to make when they were in power, when a public servant would be advanced a month's salary at Christmas, and it was paid back over a period of time.

We said no and stopped that practice and we strengthened the Credit Union Movement, the same Credit Union Movement that he is boasting about today, was a result of the instrumentalities of this Government. We felt that people would not have to borrow a month's salary and live hand-to-mouth and pay it back in what are known as the "rough months" of January, February and March, but that a person should be able to accumulate savings and spend what they think they can afford or whatever they choose to at Christmas, out of their own savings. You should not have to take a special loan. It is patronising and demeaning and we

want to take people beyond that level, but no, you now want to trumpet this as some significant achievement. It is a backward step.

Sir, this further convinces me that the Democratic Labour Party in its policies is stumbling backwards into the future and looking hard at the 19th Century. You are running into the future with your back turned, but you do not know what is happening around you and you are refusing to learn from the past. That is an unprogressive step and not worthy of a party which for a long time had boasted of being such a progressive institution.

Sir, Senator Mascoll in his initial presentation had said that what he was going to say was going to be useless. He is a prophet and for once he lived up to his words and he was very true. It was a totally useless presentation and when questioned about his adoption of dark glasses, he said he was taking a very dim view of life. I did not think that that dim view was so full of suspicion, being sardonic, being cynical and being in a position where a policy and a step which means so much to the Barbadian, like I said, which is such a wonderful Barbadian, would be besmirched by dark glasses.

Sir, I give my wholehearted support to this measure and I urge other Senators to do the same.

Thank you.
3.45 p.m.

SENATOR THE HON. P. C. GODDARD: Mr. President, in rising to conclude this debate, there are a few matters I would like to address. First of all, in the execution of instruments, a question was raised as to why the Chairman signed the document on page 81 in lieu of those who were absent. I would point out that the execution of instruments on page 79, paragraph 20.1 – contracts and documents are instruments in writing requiring the signature of the Company may be signed by:

"a. Chairman, Deputy Chairman, Managing Director, President or a Vice President together with the Secretary or Treasurer or any two Directors"

and that was quite fulfilled in this document that was signed.

It is unfortunate, Mr. President, that the view was expressed that at this time when Barbadians are embarking on their Christmas season that the choice was given between investing in the BNB and consuming consumer products. Christmas is a time for giving and nothing could be a greater gift than an investment to a child or a relative to start them off on the future and on a path of investment. I would think that this Honourable Chamber, Mr. President, would see it as leadership opportunity of promoting investment as a culture

and to take this opportunity to introduce a whole new generation of Barbadians to the concept of investing as well as saving.

I think, Mr. President, that many people in this society will take the opportunity of buying 100 shares for a nephew, 200 shares for a niece and 300 shares for a very good friend and passing them around as a Christmas gift of much greater value than some trinket that might be placed on a shelf to collect dust or that will break down by the 15th of January when these shares would start earning income.

Mr. President, I really do think that we should send the message that this is an opportunity for Barbadians to invest. It is an opportunity to use your money wisely and to balance consumption with thrift and expenditure with investment.

With that, Mr. President, I now beg that this Bill be now read a second time.

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

On the motion of SENATOR THE HON. P. C. GODDARD, the Senate resolved itself into Committee for further consideration of this Bill, HIS HONOUR SENATOR C. L. BOLDEN in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 to 11, inclusive, were called and passed.

Clause 12 was called.

SENATOR LeR. H. McCLEAN: Mr. Chairman, in keeping with the tone of the debate, I feel that we might need to amend Clause 12 to legitimize the action of the Bank so far.

Mr. CHAIRMAN: I rule that submission is not appropriate at this given time.

Clause 12 was passed.

The Schedule was called and passed.

On the motion of SENATOR THE HON. P. C. GODDARD, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On separate motions of SENATOR THE HON. P. C. GODDARD, the Bill was read a third time and passed and was cited as the Barbados National Bank (Transfer and Vesting of Assets) Act, 2000.
3.55 p.m.

ORDER NO. 5 – RESOLUTION TO APPROVE THE MINISTERS AND PARLIAMENTARY SECRETARIES (REMUNERATION AND ALLOWANCES) ORDER, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President, I rise to move the Resolution to approve the Ministers and Parliamentary Secretaries (Remuneration and Allowances) Order, 2000 to give effect to an increase in entertainment and travelling allowances as outlined in the Schedule to the Resolution. This Order should be deemed to have come into operation on the first day of April and this parallels the increase that has been awarded to civil servants from that day.

The Prime Minister's entertainment allowance – \$39 260 and an official car.

The Minister assigned responsibility as Deputy Prime Minister – \$26 754 and a travel allowance of \$23 328.

Other Ministers – \$17 317 028.

Parliamentary Secretaries – entertainment allowance of \$11 865 and a travel allowance of \$11 997.

I beg to move that this Resolution do now pass.

The question was put to the Senate and agreed to.

ORDER NO. 6 – RESOLUTION TO APPROVE THE SENATE AND HOUSE OF ASSEMBLY (REMUNERATION AND ALLOWANCES OF MEMBERS) ORDER, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President, this Senate and House of Assembly (Remuneration and Allowances of Members) Order, 2000 allows for the increase in entertainment allowances for the Speaker, the Deputy Speaker, the Chairman of Committees, the Leader of the Opposition and other Members as outlined in the Schedule to the Resolution and this Order shall be deemed to have come into operation on the first day of April, 2000.

I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

**ORDER NO. 7 – RESOLUTION TO APPROVE THE
INCREASE OF THE RATE OF TRAVELLING
ALLOWANCES APPLICABLE TO THE
POST OF PERSONAL ASSISTANTS
TO MINISTERS**

SENATOR THE HON. P. C. GODDARD: Mr. President, this Resolution increases the travelling allowance applicable to Personal Assistants to Ministers with effect from April 1, 2000. That travelling allowance is now set at \$3 780 per annum. This increases the travelling allowance by five per cent in line with the agreement with the Congress of Trade Unions and Staff Associations of Barbados and the National Union of Public Workers.

I move that this Resolution do now pass.

SENATOR LeR. H. McCLEAN: Mr. President, I know that this is really a routine matter but I would like to take the opportunity to query the role being played by the Personal Assistants to Ministers. This query has been raised before, but my view is that it has not yet been properly addressed because there seems to be a conflict in terms of the functioning of the Personal Assistant to the Minister and the roles played by the senior civil servants.

Apparently, there are times when they seem to get in each other's way, when the line of demarcation is not clearly drawn in terms of the functioning of the Personal Assistant to the Minister who sometimes seems to encroach on civil service territory, not recognising what is political and what is governmental in terms of the functioning of the civil servants.

I would hope that somebody at some time would clearly explain what the role of the Personal Assistant to a Minister is and also to ensure that these persons are not in fact interfering with the functioning of senior civil servants in the various Ministries.

Thank you, Sir.

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

The question was put to the Senate and agreed to.

**ORDER NO. 8 – RESOLUTION TO APPROVE RATES
OF ALLOWANCES APPLICABLE TO THE
POSTS OF PERSONAL ASSISTANT TO
THE PRIME MINISTER, EXECUTIVE
ASSISTANT TO THE PRIME
MINISTER AND PRESS
SECRETARY**

SENATOR THE HON. P. C. GODDARD: Mr. President, I move that this Resolution that deals with the

rates of allowances with effect from the first day of April for the Personal Assistant to the Prime Minister, his entertainment and travelling allowances increases, the Executive Assistant to the Prime Minister and the Press Secretary which are in accordance with the five per cent increase be now passed.

The question was put to the Senate and agreed to.

**ORDER NO. 9 – RESOLUTION TO APPROVE THE
JUDGES (REMUNERATION AND PENSIONS)
(CONDITIONS OF SERVICE AND
ALLOWANCES) (AMENDMENT)
REGULATIONS, 2000**

SENATOR THE HON. P. C. GODDARD: Mr. President, the Judges (Remuneration and Pensions) (Conditions of Service and Allowances) (Amendment) Regulations, 2000 recommend that the entertainment, transport and judicial allowances of the Judges be increased by five per cent effective from the first of April 2000. This Resolution seeks to authorise the increase of those allowances.

I move that this Resolution do now pass.

The question was put to the Senate and agreed to.

**ORDER NO. 10 – TO MOVE THE PASSING OF THE
LAND REGISTRATION (SUSPENSION)
ORDER, 2000**

SENATOR THE HON. P. C. GODDARD: Mr. President, the Land Registration (Suspension) Order, 2000, I might draw to Honourable Senators' attention that the word "Suspension" in brackets between "Registration" and "Order" needs to be inserted made by the Minister responsible for Lands on November 16, 2000 under Section 15(8), and (8) must be inserted of the Lands Registration Act, Cap. 229 which is necessary for a period of 24 months which will improve the systematic registration of titles of lands in the country.

I move that this Resolution do now pass.
4.05 p.m.

SENATOR C. K. LAURIE: I want to make an enquiry as whether this change in the registration of land was not amended about ten or fifteen years ago and we were supposed to be computerizing the registration then. Is this a further extension of this ten or fifteen years or are the lawyers responsible for this?

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, it seems as if all the ills of society fall upon the backs of those who sought to qualify as lawyers and practise

law. Senator Laurie particularly should know a bit better than to think that lawyers are responsible for this. Mr. President, lawyers are only responsible for drafting the legislation to the extension.

Mr. President, many years ago when I first came to Parliament I was privileged to go to Canada to see a land registration scheme. I brought the idea back to Barbados and I can say that Hon. Sir Harold St. John agreed with me completely that the Land Registry, the Corporate Registry and the Supreme Court Registry should be computerized. Unfortunately, three Permanent Secretaries in Government had their view as to what they wanted. Neither one of them could agree and it was never done.

Nobody will tell you the reason for the suspension of this section, that now they have started to register land in Barbados the land surveyors of old have produced more land than we have in Barbados and that is the reason why it is being suspended. The only lots being registered are those in the newer developments. Therefore, do not blame the lawyers because nobody wants to say that the surveyors have done anything wrong.

Mr. President, there is a programme now on television in the United States, "Why do Doctors Perform Wrongly". Nobody says a word when doctors do anything wrong. The late Tom Adams said, "Doctors bury their mistakes but lawyers carry theirs with them to the grave".

Mr. President, in this particular case, the land surveyors will have to live with these constant postponements.

Mr. President, I thank you.

SENATOR Mrs. V. E. NEWTON: Mr. President, the point that Senator Laurie was trying to make is that we do not have a copy of the Resolution before us.

SENATOR THE HON. P. C. GODDARD: Mr. President, I ask that we suspend further discussion of this Resolution so that the appropriate documents can be circulated.

ORDER NO. – 4 THE BAIL (AMENDMENT) BILL, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President, this Bill seeks to amend the Bail Act, 1996, to preclude a bail applicant from advancing argument more than once at a subsequent hearing of bail.

The issue before the Senate relates to people committing offences with firearms while on bail. This has been an increasingly severe problem and firearm offences

have been limited to a few in our society who are repeatedly committing acts of aggression and lawlessness in the society with the use of firearms, coming before the courts and going back into the society to continue the depredation of the society.

This Bill seeks to mandate that bail cannot be granted in such an instance where an individual commits an act with a weapon unless he goes to the High Court. It removes the area of discretion from the magistrates in this regard.
4.15 p.m.

This in effect tightens up our criminal justice system and directly focuses on those individuals who continue to use weapons as a means of pursuing their criminal activities and I move that this Bill be read a second time.

SENATOR LeR. H. McCLEAN: Mr. President, I would like to give support to the Bill to the extent that it is an attempt on the part of the Attorney General to deal with what he considers to be one of the issues contributing to the increase of crime and violence in this country.

One must be careful when you are putting too stringent limitations on the courts, when you are removing that flexibility which a presiding officer of the court might have. Also, touching on the matter of presumption of innocent until proven guilty, I am sure that persons working in the capacity of defence attorneys would be concerned about these matters.

I understand the reasons for the Bill being brought. Whilst I support it, I hope, Sir, that it would be more effective than the previous legislation dealing with firearms. We saw where laws were passed to increase the penalties for possession and use of firearms, we have not seen any significant positive results. In fact, it seems that as a result of the failure of that policy, we now have to bring this legislation.

We will be prepared to give the Attorney General another chance and hope that this attempt will be successful. Failing that, we will have to call him to account again.

Thank you, Sir.

SENATOR Mrs. V. E. NEWTON: Mr. President, the objective of bail has been traditionally to allow a person to maintain or keep their liberty until they have been tried by a court and found guilty of an offence. It has been clear over the years that many persons who commit crimes have taken advantage of their liberty, after committing a crime, to go on to commit others.

This Bill, as I have read it, seeks to do several things. It seeks to put into statutory form what is, at present, the common law position in relation to denying bail to persons who have been charged with murder, treason and high treason. To that extent one might see it as tidying up that area of the law.

An area which Senator McClean and Senator Goddard, in his introduction, relates to the provisions under the Firearms Act, namely, sections 18 – 20 which provide that bail should only be given to persons who have been involved with possession of firearms with intent to injure or the use of firearms with intent to resist arrest, or possession of firearms to commit an indictable offence except by High Court. In other words, the discretion which magistrates previously exercised in giving bail in these areas have been removed.

Mr. President, I regard this as a very draconian measure. We are living in times where measures such as this are required and although some human rights advocates will criticise that provision, I am sure it has been criticised. I think that it is necessary in a situation where criminals have more sophisticated weapons than the police and where the profits from drugs and all the risks that they are prepared to take seem justifiable.

The purpose of the amendment, I think, is to make the community feel safer. The Attorney General has been inundated with calls to do something about crime. While I cannot go down the road of Senator McClean in saying that I will hold the Attorney-General responsible if it does not work, because who knows what will work, we are just trying, basically, to adopt whatever measures we can to deal with the situation. They may or may not work but, at the same time, a Government cannot give up trying. This is another attempt to deal with this situation.

I know there has been concern expressed that there are provisions in the Firearms Act which are now being dealt with by a magistrate in court in relation to bail which requires that an intention of the person to use the firearm for the offences listed has to be taken into account.

The question of intent appears in many pieces of legislation dealing with crime and it is not always easy for a court to determine whether a person has the intent to commit a particular crime or not. Over the centuries one may say that certain procedures have been adopted to decide whether or not a person has the requisite intent to commit a crime. I will imagine our High Court will continue to use them the way they have always done in a manner which is designed to ensure that no one is treated unfairly.

Mr. President, with those brief comments I support the Bill.

Thank you.
4.25 p.m.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, I look at this amendment as a far-reaching piece of amendment and I think that there are reasons behind this amendment coming before Parliament. If one looks at section 2, it highlights the situation which I have observed in court recently. I think the rationale behind this is reduced to the creativity of certain persons in our community.

If one looks and sees that a court is satisfied that the defendant should be kept in custody, I wonder why the word "defendant" is used rather than any other word because the word "defendant" seeks to specifically reserve proceedings, and this Bail Act deals with criminal matters.

Then we go down to;

"(a) for his own protection."

I also query the lettering for when we say "for his own protection", one would note that that seems to be disputed now coming before the court, where the persons involved are using firearms.

Obviously this Bill has trapped it so that the Magistrate, having heard the preliminary issues, can remove persons from the community for their own protection, the protection of the community, or if the person is a young person or a child, for his own welfare.

Quite recently, I have seen some young persons brought before the courts being charged with having firearms, or the use of firearms, and therefore, this legislation is wide-ranging which, obviously, the framers are hoping will work.

Now it raises another question, Sir. When one looks at section (3), it is removing at least an hour's work every morning from the Magistrates' Courts and transferring this work to the Supreme Court. And at the moment, Bail Applications are taken before any other matter coming before a Chamber Judge, whether it is Family Law, or Civil Court matters.

At the moment, in my view, we are going through a crisis in the judiciary. We have I think at least, three Acting Judges now. When this work is removed from the Magistrate's Court into the Supreme Court, it is going to throw a further delay in the administration of justice from the point of view of the Supreme Court because on mornings, attorneys-at-law go to the Supreme Court at 9.30 a.m. and

can probably be sitting there for another hour waiting for Bail Applications to be heard. Then, there is a string of other matters afterwards.

I think that while the legislation has an objective to achieve, the Ministry or the Attorney General will now have to look at the mechanics.

For years I have always advocated that there should have one more sitting Judge than there are sitting places, because you then can rotate them. For instance, preliminary matters which now take up a substantial amount of time in the Magistrate's Court, could be removed to a special court which only deals with preliminary matters. It does not have to sit within the compounds of the court in Coleridge Street. It can sit anywhere else and can programme the work.

Similarly here, the Act will also reduce the time that an accused, who has been refused bail, is kept incarcerated, while waiting for his case to come on at the Assizes. I think these are the mechanics that will have to be looked at.

Mr. President, the reason why I ask for a floating judge and a floating magistrate, is that judges get sick or go on vacation. Any person going to the Magistrate's Court will hear that the Magistrate is not out today, and so that whole range of cases will have to be adjourned.

A few weeks ago, every magistrate was out of the island, I believe, on a Seminar in the United Kingdom and for that whole week, no work was done in the courts. Sometimes one hears that a magistrate has come in to work, then becomes sick and will not be able to work for at least two days.

I think, as it stands now, we have to look at how we are going to structure our course and the mechanics of operations. There are now three Judges employed in the Assize Courts, and for the work to reach the Assize Courts, it has to pass through the preliminary stages, which will require magistrates to conduct the preliminary hearings.

I think we certainly have to look at this because, as it stands now, when this comes into operation, it is going to throw much more weight on the judges. I thank you.

SENATOR THE HON. P. C. GODDARD: Mr. President, taking into account the comments of Honourable Senators, clearly I think we are in a position where this Bill is needed, and while there might be an initial surging of business to the High Court, I think that that business will, very shortly, come to an end. This is my true conviction.

I think that, like I said, there is a small number of high-intensity repeat offenders with firearms that have been given

too much latitude, this brings a certain discipline into the process, and places them in the same category of people charged with murder, treason, and high treason, or an offence committed under sections 18, 19, or 20 of the Firearms Act.

With that, Mr. President, I beg that this Bill be now read a second time.

On the motion of SENATOR THE HON. P. C. GODDARD, the Senate resolved itself into Committee on the Bill, HIS HONOUR SENATOR C. L. BOLDEN in the Chair.

COMMITTEE

Clauses 1 – 4 inclusive, were called and passed.

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

On the separate motions of SENATOR THE HON. P. C. GODDARD, the Bill was read a third time and passed and cited as the Bail (Amendment) Act, 2000.

ORDER NO. 10 – LAND REGISTRATION (SUSPENSION) ORDER, 2000

SENATOR THE HON. P. C. GODDARD: Mr. President, in rising to move the passing of this Land Registration (Suspension) Order, 2000, Honourable Senators had made a few comments about the reasons for this suspension.

I think you have to recognise that the computerisation process of Land Registry is something that cannot be achieved overnight. Certainly, it could be moving at a more rapid rate.

However, to compound the problem, there is changing technology within the information technology framework itself, so that one has to take care of the existing land registration, then go back and scan the whole registrations that have been done and this scanning process, I am told, will take us several years to complete.
4.35 p.m.

Mr. President, let me just say that my experience with the corporate registry which was computerised, that computerisation process started in 1995. It took us the better part of six years to scan all the documentation into the corporate registry and you have to understand the magnitude

of the problem. The scanning process is hindered, especially when you have old documents where the documents have folds in them. They have been bent over, they are dog-eared and that slows down the whole process of computerising the Registry.

I am saying this so that Honourable Senators will get an understanding of the other issues surrounding the computerisation process of document management because this is something that will occur in the future. You will also have to recognise that with the change of computers, the upgrade of new chips, the advent of more complex and more sophisticated software, that we have to be constantly aware of the fact that this is a moving scene and it is not static. Therefore, there will have to be adjustments as we go on.

However, I think that this process could be addressed with a bit more alacrity and I now move that this Resolution do now pass, Mr. President.

The question was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. P. C. GODDARD: Mr. President, I rise to wish everyone a happy Independence Day for our nation and I hope you enjoy the festivities such as they are in these rain soaked days and I move that this Senate do now adjourn *sine die*.

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

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MINUTES

The Senate met in the Senate Chamber, Parliament Buildings on Wednesday, 29th November, 2000 at 11.18 a.m.

PRESENTATION OF PAPERS

Senator the Hon. P. C. GODDARD 1

1. Duties, Taxes and Other Payments (Exemption) (Sociedade De Construcoes Soares Da Costa, S.A.) Order, 2000.
2. The Barbados National Bank Inc. Prospectus for the offer of shares.
3. Annual Report of the Barbados Broadcasting Authority for the period October 1995 to September 1996.
4. Annual Report and Financial Statement of Caves of Barbados Ltd. for the year ended December 31, 1999.
5. Instruments adopted by the International Labour Organisation at the 88th Session held in Geneva from May 30 to June 15, 2000.

MOTIONS RELATING TO THE SITTING

Senator the Hon. P. C. GODDARD 1

Standing Order No. 45 (2) was suspended for the remainder of the Sitting.

INTRODUCTION OF BILLS

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1. The Insurance Corporation of Barbados (Transfer and Vesting of Assets) Bill, 2000.
2. The Barbados National Bank (Transfer and Vesting of Assets) Bill, 2000.
3. The Bail (Amendment) Bill, 2000.
4. Resolution to approve the Ministers and Parliamentary Secretaries (Remuneration and Allowances) Order, 2000.

5. Resolution to approve the Senate and House of Assembly (Remuneration and Allowances of Members) Order, 2000.

6. Resolution to approve the increase of the rate of Travelling Allowance applicable to the post of Personal Assistants to Ministers.

7. Resolution to approve the rates of allowances applicable to the posts of Personal Assistant to the Prime Minister, Executive Assistant to the Prime Minister and Press Secretary.

8. Resolution to approve the Judges (Remuneration and Pensions) (Conditions of Service and Allowances) (Amendment) Regulations, 2000.

9. The Land Registration (Suspension) Order, 2000.

FIRST READING OF BILLS

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ORDER NO. 2 – THE INSURANCE CORPORATION OF BARBADOS (TRANSFER AND VESTING OF ASSETS) BILL, 2000 2

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RESUMPTION

Mr. President resumed the Chair.

ORDER NO. 3 – THE BARBADOS NATIONAL BANK (TRANSFER AND VESTING OF ASSETS) BILL, 2000 12

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ORDER NO. 5 - RESOLUTION TO APPROVE
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ALLOWANCES) ORDER, 2000 26

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ORDER NO. 6 - RESOLUTION TO APPROVE
THE SENATE AND HOUSE OF ASSEMBLY
(REMUNERATION AND ALLOWANCES OF
MEMBERS) ORDER, 2000 26

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ORDER NO. 7 - RESOLUTION TO APPROVE
THE RATE OF TRAVELLING ALLOWANCE
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ORDER NO. 9 - RESOLUTION TO APPROVE
THE JUDGES (REMUNERATION AND
PENSIONS) (CONDITIONS OF SERVICE
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ORDER NO. 10 - RESOLUTION TO APPROVE
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REGISTRATION (SUSPENSION) ORDER,
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MARSHALL, Senator D. D.
MASCOLL, Senator C. A.
McCLEAN, Senator LeR. H.
MURRAY, Senator the Honourable G. S. H.
NEWTON, Senator Mrs. V. E.
RICKINSON, Senator Mrs. P. E.