
THE SENATE DEBATES

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

THE SENATE

Wednesday, July 2, 2003

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, July 02, 2003 at 11.15 a.m.

PRESENT

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

Her Honour Senator Dame Patricia SYMMONDS, D.B.E., G.C.M. (Deputy President)

Senator the Hon. E.R. GRIFFITH, G.C.M., J.P., (Leader of the Senate)

Senator R.W. GRANT, B.A. (Hons.), M.A. (Econ.), J.P. (Parliamentary Secretary, Ministry of Tourism and International Transport)

Senator Miss L.V. EASTMOND, LL.B., LL.M.

Senator T.E. BARKER, B.A. (Hons.), M.A. (Econ.) J.P. (Parliamentary Secretary, Ministry of Finance and Economic Affairs)

Senator the Hon. J.E.D. WILLIAMS, B.Sc., M.B.A., J.P. (Minister of State, Prime Minister's Office and Ministry of the Civil Service)

Senator G.P.B. NICHOLLS, B.Sc., LL.B.

Senator Miss P.E. PARRIS, J.P.

Senator Miss S.C.V. HUSBANDS, B.A. (Hons.)

Senator Dr. F.L. CHANDLER, B.Sc., (Hons.), Ph.D.

Senator the Hon. Mrs. V.E. NEWTON, S.C.M., B.A. (Spec.Hons.), M.A., LL.B. (Hons.) (U.W.I.), F.L.A. (Gt.Brit.), L.E.C.

Senator Sir John Stanley. GODDARD, K.A.

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

Senator the Very Rev. H.E. CRICHLow, G.C.M.

Senator I. St.C. LINTON

Senator I.G.P. GOODING-EDGHILL

Senator Dr. D.S. LOWE

Senator F.J. STUART

Prayers were led by Rev. Father Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

ANNOUNCEMENTS BY HIS HONOUR THE PRESIDENT

Mr. PRESIDENT: I have received an apology for the absence of Senator A.C. Fields.

PRESENTATION OF PAPERS

SENATOR the Hon. E.R. GRIFFITH: Mr. President, I am commanded to lay the following documents before the Honourable the Senate:

1. The Barbados Labour Party Agenda (2003-2008) Every Bajan a Winner.
2. The Insurance (Catastrophe Insurance Reserve Fund) (Amendment) Regulations, 2003.
3. Duties, Taxes and Other Payments (Exemption) (Coronation of Golf Club Limited) Order, 2003.
4. The Annual Report of the Central Bank of Barbados for the year 2002.

REPORT OF COMMITTEE OF SELECTION

Mr. PRESIDENT: The Report of the Selection Committee dated 2nd July 2003 reads as follows:

On the 6th Day of June, 2003 the Honourable The Senate, pursuant to Standing Order 60(1) of the Standing Orders of the Senate, appointed the Committee of Selection comprising:

Senator His Honour Sir Fred GOLLOP, K.A., President, Chairman

Senator the Hon. E.R. GRIFFITH

Senator Miss. S.C.V. HUSBANDS

Senator F.J. STUART

Senator A. C. FIELDS

The Committee of Selection met on Wednesday 2nd July, 2003 and made the following recommendations for appointment to the following Committees:

1. STANDING ORDERS COMMITTEE

His Honour Senator F. GOLLOP, K.A. President, Chairman

Senator the Hon. E.R. GRIFFITH, G.C.M., J.P.

Senator the Hon. J.E.D. WILLIAMS, J.P.

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

Senator Dr. D.S. LOWE

2. HOUSE COMMITTEE

His Honour Senator Sir Fred GOLLOP, K.A. President, Chairman Her Honour Senator Dame Patricia SYMMONDS, D.B.E., G.C.M. Senator Miss P.E. PARRIS, J.P.

Senator Dr. F.L. CHANDLER

Senator Dr. D.S. LOWE

3. COMMITTEE OF PRIVILEGES

His Honour Sir Fred GOLLOP, K.A. President, Chairman

Senator Miss L.V. EASTMOND

Senator I. St.C. LINTON

Senator the Very Rev. H. E. CRICHLAW, G.C.M.

Senator F.J. STUART

4. REGULATIONS COMMITTEE

His Honour Sir Fred GOLLOP, K.A. President, Chairman Senator T.E. BARKER, J.P. Senator I.G.P. GOODING-EDGHILL

Senator Sir John Stanley. GODDARD, K.A.

Senator F.J. STUART

5. LIBRARY COMMITTEE

Her Honour Senator Dame Patricia SYMMONDS, D.B.E., G.C.M. Senator R.W. GRANT Senator G.P.B. NICHOLLS

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

Senator Dr. F.L. CHANDLER

Senator Dr. D.S. LOWE

The Committee of Selection hereby submits its Report.

I have signed the Report as Chairman.

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

SUSPENSION OF STANDING ORDERS

Senator the Hon. E.G. GRIFFITH: Mr. President, I move that we suspend Standing Order 45(2) for the remainder of this Sitting.

The question was put to the Senate and agreed to.

FIRST READING OF BILLS

Senator the Hon. E.R. GRIFFITH: Mr. Speaker, I beg to move that the following Bills be read a first time:

1. The Public Accounts Committee Bill, 2003
2. LIAT (1974) Limited (Guarantee of Interest) Bill, 2003.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER NO. 1 – THE PUBLIC ACCOUNTS COMMITTEE BILL, 2003

Senator the Hon. E.R. GRIFFITH: Mr. President, Barbados, though a small country, over the years has developed the reputation which far exceeds its size. One reason why we have been able to accomplish that feat is that we had a long tradition of good governance in this country.

Any examination of our public administration would reveal that, in spite of the fact that there may be deficiencies in our system which we, as residents and citizens, are able to see that, by and large, our system is

very sound. In fact, as someone, who had the privilege to be part of that system for quite a while, and have had the opportunity to examine what happens elsewhere, I think we can be justly proud of our system of administration in this country, and that includes our system of financial administration.

Mr. President, I had the honour to work in three of the institutions in this country which play a pivotal role in the financial administration of this country, the Accountant-General's department, the Auditor-General's department and the Ministry of Finance where I spent the last 27 years of my service in the public service.

Asides.

SENATOR the Hon. E.R. GRIFFITH: Mr. President, we have come to accept and take for granted things that are absent from other jurisdictions. Every month, the Accountant-General's department lays before this Parliament its return for that month. Every year, the Auditor-General lays his report before Parliament.

These are things that do not exist in many countries across the world, but which are cornerstones of our good system of Government. Of course, the Auditor-General is able to complete his report and lay it before Parliament, within good time, because the respective Government departments complete their probation accounts in time, in spite of any deficiencies that may exist in their system.

I think, Mr. President, that if we examine the reports of the Auditor-General over the years, what we will discover, is, yes, there are references to deficiencies in the system but, generally, those references are to lapses and errors committed by people, either through carelessness or ignorance, of what is required. Sir, seldom, if ever, is there reference to any serious case of corruption and that is not something which can be said about many countries across the world.

The legislation within which our financial administration takes place is essentially the Financial Administration Audit Act, Chapter 5. Emanating from that Act, you have the Financial Rules and the Supply Rules. Within that framework, you have the Quarterly System of Allocation of Funds, to ensure that Government's finances are managed in a proper manner, and, you have the Smart Stream system, which is used by the Accountant-General and which is still being rolled out to the various departments. One of these days I hope to see that we have reached the stage where all of the Government agencies are hooked up to that system. Sir, as one of the persons who was involved in the development of that system, I watch it with keen interest every day.

Mr. President, over the years, in spite of the good record which we have in managing our finances, this administration and previous Administrations as well, have recognised that in this changing world, there is always need to update the system to take account of what is happening around us.

Sir, that is why not so long ago, the Financial Rules were amended to take account of the new technology and other developments which are taking place within our society. The objective there is that even though we have a good system, we want to make sure that it becomes even better and that it is an efficient and effective system, so there is always room for us to be making adjustments and improvements, and that was done in 1998.

At that same time, if you check section 26 of the Financial Administration and Audit Act, you will see the amendments to which I refer. This was done along with a decision which was taken to amend that Act to give the Auditor-General's department the ability to do value for money audits. The objective there, again, was efficiency.

Yes, the money was spent. The question, however, had to be answered as to whether it was spent in the best possible manner. Therefore, the Auditor-General's department was given that ability then because previously, the legislation was silent on it, and even though some of us took the view that the Auditor-General could have done that, we wanted to be absolutely sure that if the Auditor-General made comments to that effect, no one could indicate or say to him that he had gone beyond his limit, so that the change was made to the Act so you have value for money audits.

Sir, there was also a change to the Financial Rules which, for the first time, indicated that if Ministers were advised against incurring certain expenditures and they still proceeded, that in the event that evidence came forward to show that they had made the wrong decisions, they could be held liable for the action.

11.25 a.m.

Wednesday, July 02, 2003

SENATOR the Hon. E. R. GRIFFITH: All of these things were being done in the interest of improving transparency and accountability. When you are spending other people's money, you should always be prepared to give an account to them of your stewardship. That has been recognized by this Administration.

The legislation which is before us is another feature of that because the Public Accounts Committee, which takes its origin from the Public Accounts Committee which was created in the United Kingdom in 1861, was created to

provide an opportunity for Parliament to have a look at issues raised by the Auditor-General and any other issues which Members of Parliament thought should be raised.

The history of the Public Accounts Committee is that there were many times when it did not meet. When I was an accounting officer in the system, I was summoned to the Public Accounts Committee many times, only to be told that there was not a quorum, and cases which I was supposed to answer, I left the system and they were never heard by the Committee. That is the feature of the past.

This Administration, Mr. President, is breaking new ground today because if you look at the composition of the Public Accounts Committee in the United Kingdom which dates back to 1861, you would discover that up to now only elected members of the House of Commons participate in that committee.

The Public Accounts Committee of Australia, which is slightly different, dates back to 1951 and the Senate is involved, but the difference there is that the members of the Senate are elected. My research has not revealed any other country where members of the Senate who are not elected would be given an opportunity to be involved in the examination of the accounts of the country. Therefore, I think this is a laudable effort by the Government, in the interest of improving transparency and accountability, to give the Members of this Chamber an opportunity which does not seem to exist anywhere else that I can find.

The Financial Administration and Audit Act sets out clearly how Government's revenue and expenditures should be accounted for. It also sets out the duties of the Accountant-General, the Auditor-General and the Director of Finance and Economic Affairs. The Financial Rules say how things are to be done.

When one looks at the Financial Administration and Audit Act, one would discover that it makes reference to the Consolidated Fund, which is a concept that goes back to the United Kingdom long ago when three funds were merged and created what they called the "Consolidated Fund". One would notice also that it makes reference to a Treasury Account. Those of us who know how the system works, know that there is a difference between the Consolidated Fund and the Treasury Account. They are not one and the same.

If one looks at the monthly statements presented by the Accountant-General, one would discover that there are many accounts, below-the-line accounts, special funds and so on, which do not constitute part of the Consolidated Fund, so it is not correct for any of us to assume that every expenditure that is made by the Accountant-General or on the behalf of the Accountant-General comes out of the Consolidated Fund.

This Bill which is before us for consideration is seeking to expand the membership of the Public Accounts Committee to 13 members; six from the Senate and seven from the House. As is usual, the Leader of the Opposition would chair that committee.

A quorum is to be made up of five persons. It is my view that, with an expanded committee of 13 members and a quorum of five, there should not be any difficulty in the future for the Committee to get a quorum to meet, so we expect that there would be regular meetings of the Committee.

The Bill also says that there should be a meeting at least once every six months. Of course, the Committee is free to call meetings more often than that, but at least once every six months, there should be a meeting.

The Committee is expected to perform certain duties which I would describe, so that one would have a clear understanding of the nature of the work of the Committee.

"The duties of the Committee are:

(a) to examine the audited financial statements of

(I) authorities of the Government to which this Act applies and of intergovernmental bodies to which this Act applies;

(ii) all statutory corporations, entities in which the Crown owns not less than 50 per centum of the share capital, or controls at least 50 per cent of the voting rights in the entity;

(b) to examine all reports of the Auditor-General, including reports of the results of performance audits, that are tabled in each House of Parliament;

(c) to report to both Houses of Parliament with any comment it thinks fit on any items or matters in those accounts, statements and reports, or any circumstances connected with them, that the Committee thinks should be drawn to the attention of Parliament;

(d) to report to both Houses of Parliament any alteration that the Committee thinks desirable in

(I) the form of the public accounts or in the method of keeping them; or

(ii) the mode of receipt, control, issue or payment of public moneys;

(e) to inquire into any question connected with the public accounts which is referred to the Committee by

either House of Parliament, and to report to that House on that question;

(f) to consider

(I) the operations of the Office of the Auditor-General;

(ii) the resources of the Office of the Auditor-General, including funding, staff administrative structures, information collection analyses, retrieval and reporting capabilities; and

(iii) reports of the independent auditor on operations of the Office of the Auditor-General or any authority of Government to which this Act applies;

(g) to report to both Houses of Parliament on any matter arising out of the Committee's consideration of the matters listed in paragraph (f), or any other matter relating to the Auditor-General's functions and powers that the Committee considers should be drawn to the attention of Parliament;

(h) to report to both Houses of Parliament on the performance of the office of the Auditor-General at any time;

(I) any other duties given to the Committee by this Act, by any other law or by Joint Standing Orders, approved by both Houses of Parliament."

You would see then, Mr. President, that the Committee would have a huge task before it, but it has wide powers to deal with the accounts of this country.

11.35 a.m.

Wednesday, July 02, 2003

SENATOR the Hon. E. R. GRIFFITH: Mr. President, what is significant about this Bill is that whereas previously there were doubts in people's minds to whether or not the Auditor-General's Department had the ability to examine the accounts of certain entities, this Bill seeks to make it clear that there is that jurisdiction to deal with departments that are outside of the normal government departments. The Bill sets out the basis upon which the Auditor-General's department could examine these accounts and also the shareholdings which Government has.

Therefore, in the future we would not expect to hear anyone arguing that the Public Accounts Committee is powerless to deal with accounts of various organisations, that is why this Administration must be commended for taking this step to involve the Members of this Chamber in

the examination of the financial affairs of this country and of any entities in which it has a majority interest. Therefore, the country at large could be satisfied that its affairs are being managed properly and where they are not being managed properly, that action would be taken to deal with those situations but above all, everybody could be made aware of the status of the accounts of these institutions.

Mr. President, if one looks at the Bill before us, one would notice that there is provision for hearings to be done in public. Initially, when I attended Public Accounts Committee meetings, they were held in a small room and the only persons present were those involved and not members of the general public. Now these hearings can be done in public, except in the case regarding secrecy or the security of the country, then these meetings would be done outside of the public's presence, and this would be determined by the Committee.

Mr. President, I wish to urge the Members of this Chamber to support this proposal to include Honourable Members of the Senate on the Public Accounts Committee and to acknowledge that it is a bold step and one which has not been taken anywhere else that I know of, except where Members of Senates are elected. It is, however, a step which I would urge countries across the world, in the interest of transparency, improving accountability, et cetera, to follow. Therefore, I think that we should show that it is a right step by supporting the Bill before us.

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

SENATOR F. J. STUART: Mr. President, if I may begin by allaying the fears of the Honourable Minister and setting his mind at rest, I am not here to discuss above-the-line accounts or below-the-line accounts, or to allege that expenditures by the Accountant-General all require the permission of Parliament. I am here to discuss the Public Accounts Committee Bill, 2003, which is before the Senate because of the dissatisfactions, to which voice was given, about the workings of the Committee heretofore.

Mr. President, the Honourable Minister is quite right by saying the Public Accounts Committees owe their genesis to the mother of Commonwealth Parliaments, dating back to the year during Queen Victoria's reign, I believe and during the incumbency of the Liberal Prime Minister, Henry John Temple (Viscount Palmerston).

The Honourable Minister is quite right in suggesting that the Public Accounts Committee of the United Kingdom's Parliament was a committee of the House of Commons and that the House of Lords was never involved. Its remit was to examine the accounts of the Auditor-General and to report to the House of Commons on any

shortcomings, defects or flaws, which were discovered on that examination.

Sir, that is the Public Accounts Committee which Barbados, as a former colony of Britain and as a Member of the Commonwealth, has inherited. This debate today is an attempt to suggest that the model which we had inherited was not working, or was not working satisfactorily and that it, therefore, needed to be modified, amended, upgraded or improved. Therefore, we have before us today a Bill which seeks to broaden the base of the Committee and to make other changes which were not covered by the previous committees.

Mr. President, the Public Accounts Committee became known as a watchdog committee of the House of Commons of Parliament and, of course, in this part of the world, we have inherited the same title. Of course the concept of a watchdog assumes, I would think, that the dog is not wearing a muzzle and that it is not tethered on too-short a leash because a watch dog being fitted with a muzzle and tethered on a very short leash, can be called by any other name except a watchdog and if it is so, then in that case, one would be discussing a watchdog that is no more than a domestic ornament. Therefore, we have to determine what it is before us today, in order to determine whether the committee being contemplated by this Bill is going to be a genuine watchdog committee, to carry out the functions which the Bill contemplates.

Mr. President, perhaps I should begin by looking at the options which were opened to the Government, once Government has decided that we needed to introduce changes to the Public Accounts Committee as we have come to know it since Independence. Sir, all the grants and supplies that are voted by Parliament are spent by the Government and not by the Opposition.

Some of the grants might be allocated to the Opposition but the agency accountable to Parliament for expenditure is the Government. Therefore, if there is a watchdog committee of both Houses, that committee is intended to watch the Government and the first question that arises, therefore, is, "Is it necessary for the Government to have any seats on the Committee, having regard to the fact that the Government's conduct, expenditure or spending habit, is the object of examination and investigation?"

Mr. President, in 1861 during Queen Victoria's reign, the Westminster's tradition had accepted that the Committee should be a committee of the House and that Members of the Government and of the Opposition should sit on that Committee, with, of course, the Government having a majority on that Committee.

11.45 a.m.

Wednesday, July 2, 2003

SENATOR F.J. STUART: In a sense, Members of the Government were being called upon to be their own watchdogs. If the commitment is to accountability and transparency, as the Honourable Minister proudly said today, it seems to me that the Government had the option opened to it of leaping beyond the constricting confines of Westminster parliamentary tradition and establishing a Public Accounts Committee composed of Opposition Members only which would bind subsequent Governments as well. It would be a watchdog Committee that generally seeks to ensure that financial propriety is practised by the Government because Governments that have nothing to hide, need fear no such initiatives.

One of the inferences drawn from the Westminster practice is that initiatives like the Public Accounts Committee of 1861 reveal what it attracts, that a member of the Opposition chairs the Committee but it conceals that in order for the Committee to meet the Opposition members depended on the Government to get a quorum and this is the case in Barbados today. Sir, it is this issue that this legislation is seeking to address today.

The rationale for the introduction of this Bill, as I understand it, is that the Committee, as we have known it, was meeting too infrequently and the Opposition was complaining that it was not able to get meetings of the Committee convened because of the inability to secure a quorum.

Sir, if the Government wanted to declare itself the most transparency regime Barbados ever had, one that would cleanse Barbados of all of its financial defilement, it would exercise this option but on this option, the Government frowns.

If the Government wants to make sure that Government members sat on the Committee it should have a Committee on which Government members sat but where the Opposition had the majority of members. In which case, the Opposition would not have to depend on the Government for a quorum. In that event, it would correct all the concerns expressed by Opposition parties down the years on both sides of the political spectrum. I recall that these complaints go back to the late 1960s right through the 1970s.

Sir, the Government could have appointed a bipartisan Committee with the Opposition having a majority in which case the Opposition would have no basis for complaint because it could convene meetings of the Committee whether members of the Government were present or not and get on with the work of the Committee but, on the exercise of that option, the Government also

frowned and today, we have before us the option which the Government has elected to exercise.

Government's solution to the problem was to increase the number of persons on the Committee from 7 to 13, make the Committee one of both houses of Parliament consisting of seven members from the Lower House and six members from the Senate with five members being a quorum for meetings of the Committee.

Mr. President, the legislation before the Senate today is modelled on Australian legislation, as the Honourable Minister has explained, but while it is true that Senators are involved in the Public Accounts Committee in Australia, the distinguishing feature between the Australian experience and our experience is that the Australian Senate is an elected Chamber while we are a nominated Chamber. Therefore, the question we are trying to resolve today is whether the Bill before the Senate meets satisfactorily all the concerns which have given rise to the need to change existing arrangements. Mr. President, if one of the principal concerns about the functioning of the Public Accounts Committee, as we have known it, was the inability to meet, the very first aspect of this Bill at which we should look is Clause 5 which deals with meeting of the Committee. Clause 5 helps to make clear that the Committee, as presently exists and functions, is chaired by the Leader of the Opposition and that meetings are called by him as he sees fit.

If the Leader of the Opposition does not call meetings of the Committee it is because he does not think there are any issues that require serious examinations or that calling them are a waste of time, as has been said because Government members could be expected not to turn up.

11.55 a.m.

Wednesday, July 2, 2003

SENATOR F.J. STUART: Sir, Clause 5 of his Bill says that the Committee shall meet at least once within every 6 months and may meet at such other times as the Committee, by Resolution, determines. The Committee must meet once within every 6 months but any other meetings can only be called if there is a Resolution, a Resolution presumably of the Committee.

Mr. President, this confronts us in what I would call a torturous procedural labyrinth. In order to secure a Resolution, you have to call a meeting. How the Committee is supposed to meet is beyond my comprehension. In fact, even the Australian legislation, on which this Bill is based, makes provision for the Clerk of the Legislative Assembly to summon the first meeting of

the Committee and thereafter for the Committee to meet at such other times as the Committee may determine.

There is no requirement for any Resolution. However, this Bill, and the words must be interpreted in their natural and ordinary meaning, requires this Committee to meet at least once within every six months. Sir, nobody says who has the power to call the first meeting, but the Australian legislation makes it clear that the Clerk of the Legislative Assembly summons the meeting and after that, Resolutions must be passed in order for subsequent meetings to take place.

Sir, in my respectful view, this places unnecessary encumbrances on the functioning and the meeting of the Public Accounts Committee as contemplated by this Bill. I do not see the necessity for a committee having to pass a Resolution in order to have a meeting. I think that this is, rather than being an improvement on what we had before, places unnecessary restrictions on the Committee's functioning.

I am making this statement based on the fact that the Australian legislation is much clearer and there is much less of a fetter on the functioning of the Committee than is contained at Clause 5 in the Bill before the Senate.

Mr. President, I am not satisfied that what we have here is an improvement on what we had before. It is my view that Clause 5 might well be revisited if this Bill is going to govern future meetings of the Public Accounts Committee and the Committee is freed up to meet as often as it wants to meet on the indicatives of the Chairman only. Sir, that is my view as far as Clause 5 of this Bill is concerned.

Mr. President, the other issue relating to this Bill is the change, which is praised to the highest Heaven by the Honourable Minister, involving the Senate in the Committee's work, the Committee becoming a Committee of both Houses of Parliament.

Sir, one might legitimately ask why in the past have Public Accounts Committees across the Commonwealth been limited to the elected Chamber in the case of Parliament of the United Kingdom, House of Commons. I made the point earlier that the Grants and Supplies voted by Parliament are spent by the Government. Since the House of Lords was a nominated House, and in many respects, people had inherited titles and so on, it was thought that Members of the House of Lords should not be able to fetter the spending discretion of elected members in a parliamentary democracy. The same has obtained in Barbados over the years.

In fact, the Constitution, which we negotiated in 1966, makes specific mention at Section 55 of restrictions

of the powers of the Senate so far as Money Bills coming to the Senate are concerned. A nominated Chamber should not be allowed to stand in the way or fetter the discretion of an elected Chamber in a parliamentary democracy where the voice of the people is the voice of God.

In terms of determining what Government spends and how it spends it, the discretion of the Senate is controlled by Section 55 of the Barbados Constitution. Therefore, we cannot prevent ill-advised expenditure.

In fact, provision is made in Section 55 of the Constitution for the Senate to be bypassed and for the Governor-General to ascend and to be secured if the Senate proves recalcitrant in approving without amendment any Money Bills coming before it.

Mr. President, I do not want to pronounce dogmatically on this question but, in my view, going as it does to the very heart of the constitutional role of the Senate, in terms of its relationship to Money Bills which come before it, I think that if the Senate is going to sit on the Public Accounts Committee to examine Government's expenditure, Auditor-General's Reports and the Audited Financial Statements of authorities for the Government and statutory corporations, if the Senate is going to have the power to examine all of these things, Government must be contemplating a changed role for the Senate in relation to its ability to debate Money Bills because prevention is always better than cure.

12.05 p.m.

Wednesday, July 02, 2003

SENATOR F.J. STUART: Sir, prevention is always better than cure and the Senate is coming in, according to this Bill, at the curing in but can have nothing to do with expenditure at the prevention end of the spectrum. It seems to me, Mr. President, that this is a fundamental, constitutional issue, not a figment of my imagination.

Sir, the Constitution itself makes clear at Section 55, that the Senate has certain restrictions placed on it, where Money Bills are concerned. Here, the Senate is being called upon to examine the results of Money Bills which would have come before it and which it has prevented from amending or otherwise objected.

Mr. President, in my view, this Bill does not create the paradise which I have been hearing about. It has, in my respectful submission, shortcomings, which make the situation worse that it is trying to correct. I am not satisfied that Clause 5 carried us anywhere. I am not satisfied that broadening the base of the Committee to include Members of the Senate is free from constitutional entanglement.

Sir, the language of Clause 5:

"The Committee shall meet at least once within every six months."

The word "shall" in an enactment, certainly in the areas of a lawyer, and certainly according to Section 37 of the Interpretation Act of Barbados, is always construed as imposing an obligation, not a discretion. It is construed imperatively. Sir, what Clause 5 is saying is that the Committee is obliged, legally, to meet at least once within every six months.

Sir, this does not exist under the Standing Orders which this Bill is intended to replace. But, if the Bill is imposing an obligation, if the Bill is imposing a duty, my question is, if the duty is breached, if it is thought necessary to impose a duty that the Committee meets at least once within every six months, if that duty is not discharged, if the duty is breached, what are the sanctions capable of being imposed on the Committee?

Do these sanctions go beyond what they were before, under the Standing Orders of the Other Place? The Bill is silent on the issue of sanctions. The only sanctions to which the Bill refers are sanctions to witnesses who come before the Committee and purger themselves or persons who threaten acts of violence or matters of that kind.

In terms of a breach of the obligation imposed by Clause 5 of the Bill, there is no clear indication that if the obligation imposed by this Clause is breached, that there are any sanctions to be imposed on anybody. So where does that carry us, if this Bill is supposed to be an improvement, not even a threatened sanction from either the Other Place or the Senate, no sanctions, just an obligation which may or may not be discharged?

Mr. President, I cannot be as euphoric as the Honourable Minister in my discussion of the provisions contained in this Bill. Much of what it says in terms of broadening the base of the areas which the Committee can examine, could have fitted neatly into the relevant Standing Orders of the Other Place. We did not need a Bill to say that the Committee could carry out the duties to which Clause 7 refers.

This could have been done by an amendment to the Standing Orders of the Other Place. Why we need a Public Accounts Committee Bill to say this, when in fact, the Bill is toothless in practically every respect, is passed my comprehension and, certainly, passed the comprehension of the Party whose spokesman I am.

Mr. President, even where there are sanctions imposed in the Bill, Clause 20 of the Bill talks about false

evidence, those who purger themselves before the Committee. It says:

“20. Any person who in the course of giving evidence before the Committee willfully makes a statement material to the subject of the inquiry of the Committee that he

(a) knows to be false, or does not believe to be true; or

(b) where he is reckless as to the factual content of the evidence

is guilty of an offence and is liable on summary conviction to a fine of \$25 000 or to imprisonment for a term of two years, or both.”

The drafting of Clause 20 is rather indelicate, I must confess. Subclause (b) certainly does not follow on from the pronoun “he” which governs the two subclauses. In any event, that is a matter which can be dealt with in Committee. Outside of sanctions of that kind, this Bill is empty of any teeth. It does not carry the argument any further than it was before.

The underlying argument of the Opposition is that it still does not have it within its power to secure a guaranteed quorum to allow it to carry out the work of the Committee. It still has to depend on the Government, and if this Bill has its way, on Independent Senators.

Sir, as it said, extending the powers of the Committee to embrace the Senate, might well be fraught with constitutional difficulties and I do not want to pronounce on that, unless, of course, it is intended that the Senate’s role, so far as Money Bills are concerned, is intended to be changed in the very near future.

Mr. President, as I look through the Bill, I see nothing that allows this Bill to lay claim to what the Honourable Minister is attributing to it. It is true that it places, beyond doubt, what the Committee can now examine and investigate. This could have been the subject of an amended Standing Order and the real mischief which the Bill should have been attempting to correct, it has not corrected, that is, the ability of the Chairman and his Committee - the Chairman being the Leader of the Opposition and his Committee - to meet at will, without the fetter of having to depend on the Government for a quorum.

Secondly, we take the strongest possible objection to the need for this Committee to pass a Resolution, in order to have a meeting. We prefer the language contained in the Australian legislation which allows the Clerk of the Legislative Assembly to call the first meeting of the

Committee and, thereafter, the Committee meets as it wishes to meet, without the need for any Resolution.

Sir, as I said, there is something very clumsy about having to pass a Resolution and having to hold a meeting in order to pass a Resolution. We regard that as being very clumsy and, certainly, another way of defeating the very objects of the Bill.

12.15 p.m.

Wednesday, July 02, 2003

SENATOR F. J. STUART: Mr. President, I think I have said most of what or all of what I wanted to say because, as far as I am concerned, there is nothing path-breaking about the Bill that requires any treatment more exhaustive than that which I have just essayed.

This Bill will not command the support of the Opposition because we do not think it is capable of achieving the objectives which the Opposition considers desirable, that is, having the Committee meet often and without the need to depend on the governing party which is responsible for expenditure to form a quorum.

Mr. President, I have signalled where the Opposition is coming from. We will not be supporting the Bill. I am obliged to you.

SENATOR Sir John Stanley GODDARD: Mr. President, before dealing with the Public Accounts Committee, I would like to commend the Leader of Government Business and the Leader of the Opposition for their initial presentations in this Chamber. They have both done an outstanding job and we look forward to their continuing sound contributions for the rest of the session.

I would like to begin my contribution by supporting what the Leader of Government Business had to say about a good system of governance in this island. It is something that we have inherited. It is something we have developed and redefined and it has served us well. It also extends to a sound system of financial administration, so when we see what is happening elsewhere, we have a lot to be proud about.

Sections A and B of the Preamble to the Bill refer to the establishment of a Joint Committee of Public Accounts to consist of 13 members from Government and the Opposition who shall be from both Houses.

Section 3 deals with the composition of that Committee. Seven members should be from the Other Place and six should be from the Senate. Nowhere in the Bill do I see any provision for the inclusion of Independent Senators. It is my understanding, based on what I have

heard and on what I have read, that the intention is that while there would be seven members from the Other Place, there would be six members from the Senate, of which four would be from the Government, one from the Opposition and two Independent Senators. This is what I understand, but there is nothing in the Bill that outlines that.

To increase the size of the Committee from seven members as it originally was to 13 is creating a large committee. I would have thought that nine members might have been a more suitable number. The beauty of 13 members is that it should ensure that a quorum of five would always be available and present. You cannot get a quorum of five out of 13. It would demonstrate to me a lack of will to constitute that committee and for it to meet and perform its important work.

As has already been explained, section 7 of the Bill outlines the duties of the Public Accounts Committee. For the Committee to be effective, it requires the audited financial statements of statutory corporations and corporations under the Companies Act in which Government has more than 50 per cent interest to be laid in Parliament much earlier than in the past. I can think of corporations that have not laid accounts in here for over five years. The Public Accounts Committee would not be able to do its work if audited financial statements are not laid here on a more timely basis.

I am very pleased that the Committee is mandated to - "shall meet once every six months in accordance with section 5". When the Bill was being drafted, the operative word was "may". That was dropped and "shall" was substituted. I am pleased to see that the Public Accounts Committee is required to prepare and lay a report in both Houses of Parliament in respect of each financial year. However, there is no reference to the time frame after the year ends. I would have thought that the Bill should stipulate that within a certain time frame after the financial year ends such reports must be laid in Parliament.

As the Leader of the Opposition has said, there is nothing in the Bill that requires compliance. If that report is not laid, what are the penalties, what are the sanctions?

The Public Accounts Committee is designed to perform an important oversight function to ensure, as far as possible, accountability and transparency in the financial affairs of Government. That is the role of the Committee and nothing has changed in the new committee. The duties include oversight of all reports and the operations of the Auditor-General.

My opinion of the past is that insufficient attention has been placed on the annual report of the Auditor-General. That annual report is required by the Constitution, yet year after year, we see the Auditor-General

commenting on the same deficiencies. I am not suggesting any massive fraud, but when he keeps commenting on bank accounts not being reconciled, monies being collected by revenue earning departments and expenditures being made without proper documentary evidence, it becomes very repetitive. I have commented on this and such matters in the past. I say that because the Auditor-General's Report and the work of the Public Accounts Committee needs to be taken seriously.

I would like to draw your attention, Sir, and all Honourable Senators here, to two examples of massive frauds that have taken place abroad. We can always learn from the experiences of other people.

For the first example, I go to the Philippines. The late President Ferdinand Marcos, who was President from 1965 to 1986, together with his associates and accomplices are suspected of having placed US\$5 billion abroad illegally. In case there is any doubt in anybody's mind what \$5 billion is, it is \$5 000 million.

12.15 p.m.

Wednesday, July 02, 2003

SENATOR Sir John Stanley GODDARD: Mr. President, the second example is that of the late President Sani Abacha who is the 7th military dictator of Nigeria from 1993 to 1998. He, together with his associates and accomplices, are suspected of having placed US \$3 billion abroad in Switzerland, New York, London and everywhere else. The surviving members of his family have since agreed to return \$US 1.2 billion in a "freedom-from-litigation" deal.

Mr. President, it is important to study what has happened abroad and to be thankful for our system of governance and financial administration and to make sure that they are protected at all times, but if we take the eye off the ball, events like these could happen.

I would like to refer to a report that has recently been submitted. A committee on crime reduction and prevention was established in Trinidad and Tobago and has been sent to the Prime Minister. I do not know if it has been published but the Chairman of that Report has commented on it and I think his comments are relevant.

"Crime is about how it starts. It is about society's

approach to law and order and its respect for law and order. Crime grows incrementally. It starts by the breaking of small laws and ends up by the breaking of big laws."

I stress that point because we, as Barbadians, should take note as to how that could be applied to our system. I

am sure we are all familiar because we live here - not in ivory towers - and see examples almost daily of breaches of small laws. It seems as though we have developed a numbness to the breaking of such small laws because we have developed an attitude toward these things - "don't worry about that, let it pass." Unless we take steps to deal with those small infractions, we are encouraging the people who break those small laws to break bigger laws. Where does it end?

Sir, it is not only financial scandal in governments but also in the private sector. Corporate finance scandals do exist but are dealt with by the law courts. We are all familiar that senior executives of Enron, World.Com and other large companies in the United States of America have massively defrauded their shareholders, pensioners, employees and members of the investing public, with many of those persons now appearing before the law courts in those countries.

In the private sector, and as a result of exposed corporate greed, greater emphasis is now being placed in the United States of America and internationally on both the external and internal auditing functions and on proper corporate governance. What we are here doing is dealing with Government's accounts but the objectives are the same: better governance, more accountability, more transparency and checks and balances within the system.

Mr. President, in the past the performance of the Public Accounts Committee has left much to be desired. Let us be honest and admit that it has not been as effective, especially in the more recent times when it has scarcely met. We are not going back to history but are now looking to correct those deficiencies that exist. We have a responsibility to the people of this country to make sure that their money which they contribute to the public's Treasury, is properly spent, accounted for and reported on.

This Bill recognises the existence of greed and certain other weaknesses in the human element. It attempts to strengthen the oversight functions within Parliament and to reduce fraud and waste in Government's affairs, in order to minimise the resultant cost to the taxpayers and to demonstrate a greater respect for law and order.

This new Bill places heavy responsibility on the members of the committee that would be appointed to it, especially on the Chairman, who will be the Leader of the Opposition. It also places a heavy responsibility on all Members of Parliament, to ensure that this committee functions in the way it is to, in the public's interest. I thank you, Sir.

Her Honour SENATOR Dame Patricia SYMMONDS: Mr. President, both in this Honourable Chamber this morning and in the Other Place, the Barbados

Labour Party's Manifesto has been laid. I would like to quote a sector from "Governing Barbados Well":

"We see it as our mission to defend and advance the following:

(a) integrity in all areas of governance and public life, with the public interest paramount in all decisions, which should be transparent and carried out in accordance with the law."

Mr. President, this Bill is innovative. The Manifesto is a social contract and is, therefore, important. Government can be praised for bringing this Bill in a new term when Government could have simply let it die or brought it when there are more members in the Opposition. Government is still seeking to provide a forum for them to ventilate their concerns.

The Public Accounts Committee is there to determine accuracy and honesty of public accounts. It is aimed at getting to the truth of the matter. It is not a question of voting percentages, which is illogical when one considers that every member is there, not for party purposes but for Barbados' purposes.

Sir, I sat somewhat bemused when I heard Senator Stuart speaking. As a lover of the English language, I heard analogies and figurative language, albeit some of them trite. To me, they were no substitute for logic and substance and, in all humility, I did logic at the university.

Sir, this Bill allows greater opportunity for accountability. In a well-regulated democracy like ours, it allows the Opposition to participate and with the addition of members of the Senate, it now introduces a wider cross-section of persons, having their perspectives articulated and represented.

There was a time when doctors, lawyers, teachers, clergymen and politicians were revered or venerated. Sadly, those times have passed and today the public is far less trusting and far less willing to accept decisions that are taken on its behalf. We know that through the call-in programmes, e-mails, et cetera, that while expressing their views and concerns but people want to be more involved in the decision-making. The Public Accounts Committee is not there to represent narrow interest.

12.35 p.m.

Wednesday, July 2, 2003

Her Honour Senator Dame Patricia SYMMONDS: I saw with interest on page 9 that a report must be prepared on the performance of the duties of the Committee and this is a wise step.

I consider the size of the Committee sensible because it tends to ensure that there will always be a quorum.

With those few words, it is with the greatest pleasure that I support the Bill.

Mr. President, I thank you.

SENATOR the Hon. Mrs. V.E. NEWTON: Mr. President, I rise to give my support to this Bill. Like Senator Sir Stanley Goddard who spoke before me, I would like to praise the Minister who introduced the Bill for the clarity with which he spoke and his attempt to focus our attention on the provisions of the Bill.

Mr. President, in speaking about the Public Accounts Committee the first thing that should be considered is the evil that this revised piece of legislation is designed to cure. In the past, it was seldom that the Public Accounts Committee was able to meet. Sir, the Public Accounts Committee is central to the Westminster system of Government. It was set up in 1861 and all parliamentary democracies based on this system have a Public Accounts Committee. Another feature of Public Accounts Committee is that Government usually has the majority on the Committee so the issue of majority membership on Committees is a crucial feature of the Westminster system.

Mr. President, the Public Accounts Committee met six times between 1994 and 1999, three times between 1999 and 2002 and several other meetings were called but were aborted because of lack of a quorum. This brings me directly to composition of the new Committee. There are 13 members, three from the Opposition, four from Government and six from the Senate.

Sir, I cannot quarrel with a Public Accounts Committee that has members from the Senate because even though it is an innovation, it is a good one because in Barbados our Committee system does not function well. We elect people to these Committees, their names appear on the Order Paper and you hear nothing else. I sat on the Library Committee for the last five years and it only met once. I also spent a considerable amount of time writing a report but I do not know what happened to it.

Sir, the best way to ensure that the Public Accounts Committee has a quorum, given its history, is for Senators to be included, especially Independent Senators because they can find the time to attend meetings. They will not quarrel if they are not paid and they have a lot to contribute. Most Independent Senators are persons with expertise in one area or another and in this present group of Independent Senators, at least two of them could be considered financial experts.

Sir, I am a bit concerned with Clause 4 with deals with chairmanship and deputy chairmanship of the Committee. Clause 4(b) says:

“(b) a Deputy Chairman, who shall be elected by the members from time to time and shall hold office as Deputy Chairman during the pleasure of the Committee.”

It does not specify which side the Deputy Chairman should come from, when or how he should be elected. This may not, in practice, be an important observation on my part, but I think that inasmuch as the Chairman has been specified that more could have been said about the Deputy Chairman.

I am happy to see that the public will be invited to the hearings of the Public Accounts Committee because it is an important aspect of the democratic system and previously the Committee did not invite members of the public.

I am disturbed to hear the speaker for the Opposition saying that they will not support the Bill because a few months ago there was much talk and reports in the Press about persons wanting a revised Public Accounts Committee, that it did not meet and that accounts from various Government departments ought to have been looked at and about various other accusations, infelicities and irregularities.

Even if the Public Accounts Committee, as recommenced here does not fit the bill of those persons who a few months were clamouring for transparency in Government Business, they should support the legislation.

12.45 p.m.

Wednesday, July 2, 2003

SENATOR the Hon. Mrs. V.E. NEWTON: Sir, I would think that having made a big hype about the lack of mechanisms for hearing grievances and checking on public expenditure that the Public Accounts Committee, even if it may have a few warrants in their view, would merit their support.

Mr. President, there is provision that the reports of the Public Accounts Committee should be laid in Parliament. However, there is nothing to say how soon after these Reports are laid that they will be debated. I would think that in view of the importance of the Committee and some of the work they will be doing, the same way that the Bill provides that the Committee should meet every six months and so on, there should be some provision which says that the Reports should be debated within a certain time after they have been laid in Parliament, so that they would not languish and be forgotten.

Mr. President, with those few words, I give my support to the Bill.

I thank you.

SUSPENSION OF SITTING

SENATOR the Hon. E.R. GRIFFITH: Mr. President, I beg to move that this Sitting be now suspended until 1.45 p.m. today.

The question that the Sitting be suspended until 1.45 p.m. today was put to the Senate and agreed to and Mr. PRESIDENT suspended the Sitting accordingly.

1.50 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR the Hon. E.R. GRIFFITH: Mr. President, I beg to move that the Public Accounts Committee Bill be read a second time.

SENATOR the Very Rev. H.E. CRICHLAW: Mr. President, I had the privilege of sitting in the Other Place when this Bill was discussed and I heard a numbers of things being repeated today in the very fine presentation of the Honourable Minister and Senator Stuart.

Sir, I find the Bill a disturbing one. It is radical in the sense that it marks a significant change in the development of our parliamentary procedure. I think that it is important to be able to support this innovation, seeing that Barbados is the only country in the Commonwealth in this unique situation.

Sir, I find this Bill radical because we are moving from an internal situation to an external situation. It was part of the Standing Orders of the Other Place to have the Public Accounts Committee and Honourable Members of that body critiquing themselves and now it is being extended to both Chambers of the Legislature.

Sir, I wonder whether this is not because of a weakness in the functioning of Parliament. I am new to this situation and I am just listening. Sir, as I listened, I got the feeling that many of our committees do not function and I think that this is unfortunate. A committee that is set up should have work to do in five years. I am disturbed by the heavy penalties that are going to be meted out to those members who do not comply with the requirements of the Legislature when it becomes an Act.

Mr. President, if this is a weakness in our parliamentary system, I find it strange that we should be punishing people or causing them to spend a lot of time attending meetings that may be aborted for lack of a quorum. Sir, the Honourable Minister said that he attended many Public Accounts Committee meetings that he was summoned to, and because there was not a quorum, he wasted a lot of time and others who may have attended those meetings. It would be a pity if we have such a serious Act, where some people take it seriously and Honourable Members of Parliament do not.

Sir, I know that it is hoped that this new Act will help us to have a quorum but I am sure that we cannot guarantee that. There is provision made in the Bill for the Deputy Chairman to substitute for the Chairman and in the Deputy Chairman's absence any member of the Committee can act as Chairman of the Committee.

Mr. President, if it is designed to make the Chairman act, as his duty as Chairman of the Public Accounts Committee, it may not have that effect seeing that the Act is so wide. It is a very wide and serious Act and we have to be very careful, seeing that we as Senators and parliamentarians mean business about this Bill.

Mr. President, one of the reasons given in the Other Place for the Act is to have the Chairman of the Public Accounts Committee do his job and also to prevent that person from misinforming the public about the accounts of the Government. This morning the Honourable Minister referred to the Consolidated Fund and the Treasury Account.

1.55 p.m.

Wednesday, July 02, 2003

SENATOR the Very Rev. H. E. CRICHLAW: I found it rather difficult to understand how some Honourable Members of the Lower House could not understand the difference between the two and the various ways that money could be spent without coming to Parliament. I understood it when it was explained but I think that there are serious implications of the Act which we should look at before we pass the Act.

I do not think that we can legislate certain things in order to get them done. For example, I do not think we can legislate integrity or responsibility, if people hold this most important position in a country. The making of the laws of a country is one of the most sacred things and the whole society is shaped by the laws that the laws that are made in this Parliament.

If we accept this office, either through election or selection, then I think we should be men and women of integrity and we should not have to be defending ourselves. In the Other Place I found that part of the problem was that it seems that people did not trust politicians. They did not think of them as Honourable men and women and that is unfortunate.

I think we have to understand the nature of our society and the fact that the majority of us have not yet come to accept our indigenous leadership. I am referring to the vast majority of the people in Barbados. We, as Parliamentarians, have to live above that standard. We must not pander to people's sentiments. We must not lower the standards of Parliament to fit in with what people think about us.

I think we should strive for the highest standards in Parliament, recognising that the majority of our people will take a long time before they can understand what Parliament is all about, what laws in the society are all about and what the development of a society is about. Most people think of themselves and their families and are not conscious of themselves as citizens of Barbados. We have a lot of work to do in helping the vast majority of our people to understand what all of this is about.

Mr. President, we have not put into the Bill any sanctions for those who fail in their duty to summon or attend meetings of the Public Accounts Committee. I thought that most of what Senator Stuart said this morning was to the point. I did not find anything illogical in what, my friend, the Deputy President said. It was edited, yes, but I guess that was for effect.

Sir, there should be some way of summoning the Committee. Australia has the Clerk calling the first Committee, but then you must have a Resolution in order to have an extra meeting. I think a provision, such as, any two members of the Committee writing to the Chairman or the Clerk, should be able to summon a meeting of the Committee.

As the Minister said this morning, we in Barbados, have a tradition of sound system governance, including the financial administration. It comes as a surprise to me, and I think that it would come to many other people, that we should be passing such a stringent Bill, which seems to

send the message that all is not well with our financial administration.

I am sure we do not mean to send that message because our financial administration is very sound. I am not saying that there is not room for improvement, but not to give the impression to Barbados and the wider Caribbean and, maybe, further afield that there is corruption, when others look to us as a model of rectitude in financial affairs. I think to send that message to people is unfortunate. I can understand that in the heat of debate, especially when you are angry that people cannot see things that are so obvious, that you would want to make it quite clear.

I do not think that as a result of the new Public Accounts Committee, our financial administration would be any clearer. It may even cast doubt on the work of some of the people with great integrity in society, if we give the impression that our finances are not properly looked after. The Minister talked about the long experience he had in the various departments dealing with finance. He said that there is seldom any reference to corruption. I believe so and I agree with him.

I am supporting the innovation but I am not doing so with the view that we shall see a much better financial administration in Barbados because I think we have one. We can try it out and see how it works. We have already received all of the financial statements that have been laid in the Other Place. We discussed the Appropriation Bill. We cannot increase amounts. We can suggest that some be reduced.

The people of Barbados ought to understand that the whole business of leaving Money Bills to the Lower House is a victory for the people of Barbados. At one time, it was done by the sovereign and then by a group of people from the landed gentry in the House of Lords. The House of Commons fought for this power to control money bills because the people have elected them to govern the country, and we have accepted this.

No member of the House of Lords or of this Senate would want to take any of that power away from the House of Assembly.

2.05 p.m.

Wednesday, July 02, 2003

SENATOR the Very Rev. H.E. CRICHLAW: We understand the history of Parliament and we are here to help the Lower House. We are here to try to see things in an objective and dispassionate way. We are not in the public glare as Members of the Lower House are, so I would hate to think that in all of our debates on Bills that we should be voting solidly party-wise.

I think that the Senate ought to be a place where... We are not under pressure, so we can give thought to the Bills that come before us and suggest ways of improving them because regardless of party, we are here to help with the good governance of Barbados, so I hope that we do not have too many party squabbles in this Chamber. I am supporting the innovation, but Senators must not think that there can be no objection to the Bill that was sent to us.

Thank you, Mr. President.

SENATOR I. St.C. LINTON: Mr. President, let me begin my presentation by thanking you as well as the officers and staff of this Honourable Chamber for seeking to make me as comfortable as possible.

I also appreciate the reception which I got from all Honourable Senators in this Chamber. They have made me quite comfortable. I am extremely thankful for this opportunity to be part of this August Chamber.

My appointment to this Senate has been hailed wide across the world as far afield as the Ivory Coast. Carlisle Payne, the son of the late Frank McDonald Payne - a former member of the forerunner to this Assembly, the Legislative Council, is one who I knew well and who had a lot to do with training me as a churchman and in public matters - one of the administrators of the Adventist Indian Ocean Division called me from the Ivory Coast. His call was so warm, that I must mention it here.

In addition to that, his sister, a former principal and educational director of the East Caribbean Conference, also called me. Perhaps one of the most outstanding congratulations came from Mr. Derrick Palmer, the President of the Caribbean Association for Persons with Disabilities who called me from Jamaica and has also written to congratulate me to this high office.

Being in this Chamber is something that has never entered my thoughts in life, but I can say to this Honourable Chamber that I am going to certainly live up to its responsibility.

Let me begin to look at the matter before us, the Public Accounts Committee Bill. I believe this is a landmark piece of legislation that has come before this Chamber. I also believe that it is coming of age for this Honourable Chamber to be asked to participate on a Public Accounts Committee which I believe the people, the public and the taxpayers have been asking for, for years.

The Public Accounts Committee is not about numbers or voting powers. It is about numbers, yes, to give a balance to the Committee, but its responsibility is not to ourselves as parliamentarians but to the people, the public and the taxpayers of Barbados.

It is not a partisan committee. Even the Constitution of Barbados as yet does not recognise parties. There are matters that come before both Chambers that we need to look at, not in a bipartisan manner, but what is best for the good of the people, the public and the taxpayers of Barbados. We are taxpayers as well.

Mr. President, I am going to give an historical perspective to show the importance of this Bill before us, to the people, the public and the taxpayers of Barbados. As a youngster of 10 years having the ability to read well and having access to the daily newspapers and the weekend newspapers - my father was a printer at the Advocate Newspaper - everyone in our home used to dissect that paper and we would read and discuss what is going on - we would read about the court system, the Parliament and the Vestry, but most of all we would read about cricket.

I do not know how many of you remember, but at 10 years old I remember "Tai" Worrell playing his first match at the age of 18 for Barbados in Trinidad and Tobago. His scores were 237 and 88, and he went as a bowler.

I remember marching at the age of 13 in support of D. T. Lewis, Grantley Adams and the like. I was in that march even though I was at school. I am saying that to show that I have cognisance of the factors and the development of public life in this country from very young.

In the late 1940s as "Lizzie and Joe" would have said, "Federation down there". Some huts were removed from the reef area to make way for the tower. Some of the huts disappeared and in the vestry everybody wanted to know what had become of those huts. They never knew. Nobody told them.

2.15 p.m.

Wednesday, July 02, 2003

SENATOR I. St.C. LINTON: In the 1960s, we had a vigorous Public Accounts Committee between 1966 and 1967, on the question of the construction of the Hilton Hotel and serious questions were being asked by the Public Accounts Committee as well as the people of Barbados. Mr. President, do you know what took place? The documents were placed in a wooden hut and the hut was consumed by fire. To this day, nobody can tell us what was the cost of constructing the Hilton Hotel that was recently demolished.

Between 1971 and 1976, the Parliament of Barbados has had a tremendous record of inconsistencies and incompatibilities in regards to accountability in this country. Early in 1971 to 1972, has anyone ever asked the question why was the Housing Authority changed to the National Housing Corporation? There were questions being

asked by the people of Barbados and again they were denied those answers. Mr. President, there were questions being asked in relation to North Point, the Barbados Marketing Corporation, Seafoods Limited and the space research. There was a commission but they all led to where all roads lead to, and nothing more.

In the 1980s, it was Caribbean Sea Island Cotton (CARSIOT) and its successor but the strangest historical factor is that it came a time in recent times that the Public Accounts Committee refused to function. The Chairman refused to call a Public Accounts Committee meeting whilst statements were being made all over Barbados and even in New York, in regards to something called JAWS.

People's characters have been sullied and there was no calling of the Public Accounts Committee to the people of Barbados. The people of Barbados are not protecting politicians or parties but simply want to know and want to have public accountability in this country.

Let me go further. In the latter half of 1996, the Government of Barbados set up a Constitution Review Commission, of which I was one of its Commissioners. Wherever we went, in every private meeting with those persons who came before us and with whom we had requested to come before us, the question of finance or accountability was asked. I did not go to London or to Birmingham but those questions were asked. I did not go to Toronto or to Montreal but the questions were asked. I went to Boston and to New York and the questions were asked about accountability in financial matters in government.

Mr. President, we have a Bill before us, in which the Government of the day is saying, "Examine me" and I can hear an Opposition saying that they will not support a Bill which calls on them to examine Government, when the public is looking forward to the instrument under this Resolution and this Bill, to be put in place so that they can know exactly how their tax dollars are being spent, yet I can hear the Opposition Senators are not going to support it.

Mr. President, if I were in the Other Place, you know how well I would have treated this matter but since I am here, I will deal with it. I have a challenge for us as Parliamentarians, not only in this Chamber but in the Other Place. The challenge particularly comes to those who sit here, whose eyes are on sitting in the Other Place. I want to challenge those persons to say no to the taxpayers when a Government is asking to be examined, to be challenged and to be exposed if be, yet I am hearing no. Mr. President, I dare any Senator in this Chamber to say no today.

Mr. President, I wear another hat. I have been trained in preaching and in teaching what is good, what is moral

and what is right and Hebrew is the ancient language. There is a phrase called Mat Tov that asks the question, "What is good?" and one of the latter prophets Micah, in the 6th Chapter, 8th verse says this:

"He hath shewed thee, O man, what is good; and what doth the Lord require of thee but to do justly, and to love mercy, and to walk humbly with that God?"

Sir, this Bill before us challenges if this Chamber wants to see, wants to give justice, wants to be merciful and wants to be humble to the public of Barbados. It is not what we want, it is neither what we do, it is what the taxpayers of Barbados have asked us to do.

I, therefore, challenge every one of you. Mr. President, I am aware of your position but I challenge you too. There is not going to be any casting of votes but I challenge your heart. This is a matter of heart response. It is like a Christian thing - what does one's heart say to the people? Do we want them to be denied of their right to know? As one of the Senators here today said, I want the taxpayers of Barbados to know where every cent is being spent, how is it spent, why it is spent and if it has been misspent. Someone has to account to the people of Barbados.

I am much obliged to you.

SENATOR G. P. B. NICHOLLS: Thank you, Mr. President. One of the most fundamental aspects occupying this August Chamber, I believe has largely been misconstrued because of a partisan flavour coming on the back of an election campaign. I say this because hearing the debate today by the Honourable Senator, and hearing the debate in the Lower Chamber which was debated by the Members of the Opposition, it seems to me that one of the most fundamental aspects of this legislation is not being grasped and that the Bill is being challenged because it does not effect a means by which the Opposition can fuel their tanks and help them to carry out the campaign they want to carry out.

Mr. President, this is why, despite all the good this legislation speaks to, they cannot find it within their hearts to support a piece of legislation which brings a sense of accountability and transparency to the affairs of this country's finances. It has nothing to do with a partisan position but is a piece of legislation from which I have gathered from every Independent Senator who has so far spoken on the Bill, despite the questions raised as to the procedural aspects, they have generally supported it.

Mr. President, there is no doubt that the Public Accounts Committee represents the cornerstone by which both Houses of Parliament scrutinise the public expenditure. We see the manner in which the Committee

reports to Parliament exhaustively laid out in Section 8 of the legislation.

Sir, we hear talk about the Senate not playing a part in the Committee in its new designation. I must say if we allow that sort of question to take root, it then questions the legitimacy, not only of the Senate but of our parliamentary system as a whole. I say that because there are lingering questions and doubts as to the effectiveness of the Senate Chamber. I say that because we, as a Government, have the responsibility of the management of the affairs of this country. We recognise our parliamentary system is based upon an elected House and a Senate appointed by the Governor-General, on the recommendation by the Prime Minister and by the Leader of the Opposition and also by those members who the Governor-General believes could make an adequate contribution to the Senate of this country. Therefore, the Senate plays an important role in the checks and balances system in our parliamentary democracy.

We are not here to do the role of the elected representatives and I believe the statements made by the Honourable Senator are based in a political/partisan way and if we do not scotch the heresy that this Committee is an opposition committee, or that this Committee is meant to terrorise a government so that one could fuel an election campaign, or issues that the Opposition wants to fuel, we would find ourselves sealing our own fate. This Chamber is going to have to debate many resolutions, some of which speak to the very essence of our constitutional arrangements, some which would speak to whether or not the reform of this Chamber, as it is presently constituted, ought to last the test of times.

Mr. President, the Senate is an essential part of our parliamentary democracy and the Honourable Senator, in his contribution this morning, has made reference to Section 55 of the Constitution. I do not believe that his interpretation, as narrow as it was, does any merit to the entire Debate, especially when it comes to the legitimacy and functions of the Barbados Senate.

In that Section of the Constitution, it never contemplates that the Senate would not debate a money resolution. What it said is that the Senate cannot frustrate by refusing to pass the money bills as they come to pass from the House of Assembly.

2.25 p.m.

Wednesday, July 2, 2003

SENATOR G. P. B. NICHOLLS: We have to tell the people of Barbados these things or else they will feel that we are just a rubber stamp institution that sits around the

table every Wednesday only to say yes to the things that come from the Other Place.

Mr. President, our system of democracy is built upon a system of checks and balances. The Appropriation Bill comes to this Chamber to be debated and it contains the ways in which Government's expenditure will be carried out in a fiscal year. Attached to that piece of legislation is a Schedule containing the Estimates of Expenditure. At the end of that financial year, if the Other Place has gone through a number of supplementaries, the Final Appropriation Bill must come back to this Honourable Chamber before it is assented to by the Governor-General.

The framers of the Barbadian Constitution understood the practical workings of the Westminster system which we adopted because we felt it would work for us. The legislation is an attempt to strengthen the hand of the Public Accounts Committee so that people will not misuse the Committee to suit their own political objectives.

We hear a lot about the Opposition losing its voting power and strength and that is borne out by the fact that the ineffective political Opposition would want to carry out the scrutiny of the public expenditure of this country on the call-in programmes, the political platforms and through the neophytes who write in the newspaper. They do not support the system in which we can sit down in a joint Committee in the House of Parliament with independent Senators, Opposition Senators and Government representatives to investigate the financial affairs of this country.

I am suggesting that this Committee is not supposed to usurp the role of the Other Place because we are not here to determine how money should be spent. We are here as part and parcel of the review process which starts with the Appropriation Bill and the Final Appropriation Bill which are then assented to by the Governor-General.

It is only fair that in the efforts of this Government to bring more accountability and transparency to affairs in which it spends from the public purse that this Chamber be allowed to sit in as part of the watchdog process.

Mr. President, I want to read from the learned author Erskine May's Parliamentary Practice at page 67. It says that the Committee does not seek to concern itself with policy, that its interest is in whether policy is carried out efficiently, effectively and economically, that its main function are to see that the public's monies are applied for the purposes prescribed by Parliament, that extravagance and waste are minimised and that sound financial practices are encouraged in estimating, contracting and in administration generally.

Sir, the Committee is essentially a review Committee but the Honourable Senator would want to have the people

of Barbados believe that because there are no sanctions for persons found in breach of the Financial Rules that the Committee is not doing its essential role. Sir, this is a House of Parliament. The ultimate sovereignty is the people of Barbados who make the decisions and they are essentially the court.

Mr. President, we have to move this country forward and we cannot continue to conduct the affairs of this country in a bacchanal way. This Government has sought many amendments to various pieces of legislation to bring more transparency and accountability to the functions of Parliament. For example, in the Financial Administration and Audit Act a minister of Government in Barbados is now personally liable for decisions that the Minister makes in which the Minister countermands the decisions of a permanent secretary that cost the public purse.

Never before in the history of parliamentary democracy across the world are Ministers of the State personally liable and accountable for decisions they make.

2.35 p.m.

Wednesday, July 2, 2003

SENATOR G. P. B. NICHOLLS: Sir, this is a reform that this Government intend to carry out.

Mr. President, in my first time in making a contribution in this Honourable Chamber, I would want to express my shock and dismay that the continuing benign approach by the Opposition to areas which we feel that there should be a broad consensus is because this legislation seeks to do what the Constitution says that we should do as a Government - bring laws that effect the peace, order and governance of our society.

Sir, my colleague, the Honourable Senator Linton made reference to the recommendations contained in the Report of the Constitution Review Commission. Sir, at Page 37 it was exhaustively laid out by the Commissioners that the people of Barbados felt that institutions like the Public Accounts Committee should have the teeth that this legislation purports to give them.

Sir, I say that directly in relation to those entities not under the control of the Auditor-General but those statutory corporations which never before had to account to Parliament the way in which it is envisaged in this legislation. These recommendations did not come because the Government is forcing this down the throats of the people of Barbados. These recommendations came as a result of an intensive exercise carried out by this Government to ascertain what were the feelings of Barbadians in respect of how the Government functions.

Sir, therefore, it seems that because the Opposition cannot gather in their numbers to carry out ad hominem attacks upon the Members of Her Majesty's Cabinet in the way in which they can advance their own political gains, the legislation should not be supported by them. It is a sad reflection upon how we as a people move forward.

Sir, throughout the length and breadth of this country, there are a lot of young professional persons, like me, who have lost confidence in the ability of our Government to function in a way that is meaningful to them. Sir, that disconnection is fuelled by the sort of partisan views to issues which should not be partisan because people are more discerning now than they were before. Mr. President, these are not issues that should divide the House of Assembly.

Sir, when we look at the functions of the Public Accounts Committee, and I know that the Opposition has recognised this, the subject of the GEMS and the Hotels and Resorts Limited may not be the appropriate subject for investigation by the Public Accounts Committee. I say that because one of the chief prosecutors of the Government's actions, in the GEMS of Barbados, is the Leader of the Opposition, who is the Chairman of the Public Accounts Committee. The Laws of natural justice suggest that a man cannot be a judge in his own cause. He cannot be the prosecutor, as Chairman, to be the judge and jury as well.

Sir, the Prime Minister in his wisdom is correct in saying that if we want the sort of transparency and accountability of the Government in respect of its handling of the GEMS Project, the proper way would be through a Commissioner of Inquiry. If the Leader of the Opposition is insistent that the Government of Barbados has broken the Law in respect of removing funds from the Consolidated Fund to support the GEMS Project without the approval of Parliament, he, therefore, cannot sit as chairman of a parliamentary committee reviewing those activities because he cannot be the prosecutor, judge and jury.

Mr. President, the Opposition is recognising that the launch of their election campaign and the major planks of their campaign do not fit in with the programme of this Government to take this economy forward. They recognise the things that we do, the things that we want to do and the things that we are doing in respect of bringing a greater accountability to the affairs of this Government, in respect of our relationship with the money belonging to the people, they have no effective means of dealing with those issues.

Mr. President, I am not surprised that the benign approach taken by the Opposition in the Other Place continues today. I would say that this Senate should be urged to support the Bill introduced by the Honourable Minister. Let us give effect to the wishes of the people of Barbados. Let us continue to take this country forward

based on the principles and precepts that have carried us thus far. Let us continue to bring greater accountability to the affairs of the Government.

Sir, there will be no Caribbean country in which the public can see a Minister of Government being questioned on issues of public expenditure in a committee. Sir, this is a revolutionary step and Barbados is known for its revolutionary steps in respect of legislation to take this country forward. Let us not be partisan on the issue but let us seek to give effect to the mandate entrusted to the Parliament.

Mr. President, that is my submission with respect to the legislation.

I thank you.

SENATOR Dr. F.L. CHANDLER: Mr. President, I am in support of any measure that increases transparency and accountability and the Bill seeks to do this. However, I have some concerns whether the Bill will achieve what it sets out to do.

Sir, we all know that there has been a poor record of meetings of committees in the past and the increase in the number of members would tend to increase the chances of meetings being convened. However, it would not ensure that this will be done.

Mr. President, another concern is the method by which witnesses are being summoned. Section 11 (3) seems to be a bit loose and which seems to give witnesses excuses for not attending meetings and which would result in postponements and adjournments. I think that a summon should only be hand delivered to a witness so that there will be no excuse for postponement of a meeting.

Mr. President, another concern which I have is that accounts are not easy to understand, I think, sometimes even by accountants.

Asides.

SENATOR Dr. F. L. CHANDLER: Sir, this needs technical expertise in that area. Although this may be another radical view, I wonder whether the entire Public Accounts Committee should not consist of totally independent people who are selected on the basis of their expertise in accounting and financial matters and whether that would not give total accountability, transparency and confidence to the electorate. Sir, I do not know the Constitution very well and my concern may require a change in the Constitution.

Mr. President, most things have been said already by the other Senators. I agree with the principle of the Bill and

what it is setting out to do, but I do have concerns about whether the aims would be achieved.

I thank you.

SENATOR R.W. GRANT: Mr. President, I wish to start where the last Senator Chandler left off. Senator Chandler made reference to the fact that in her opinion the Public Accounts Committee could very well be made up of all independent persons who are accountants.

Asides.

SENATOR R.W. GRANT: I start by making reference to the fact of what Senator Chandler said because I think that the inclusion of Honourable Senators as part of the Public Accounts Committee is very important. I believe that the inclusion of Senators must be applauded.

Asides.

SENATOR R.W. GRANT: Sir, the inclusion of this Chamber in the affairs of the Public Accounts Committee must be applauded. The Barbados Labour Party Government is of the opinion that we have to be responsible and we have to ensure that as we administer the affairs of this country there is greater transparency, accountability and that the transparency is there.

Mr. President, there was some disappointment on my part that the Opposition Senator did not indicate that the Opposition will be giving support to this piece of legislation. The reason for that is because the Public Accounts Committee will be structured, if passed by this Honourable Chamber, with the ability for greater scrutiny and the ability for there to be a quorum with the increase of the number of members on the Committee.

Sir, it was interesting to hear the Opposition Senator make reference that an option that the Government could have looked at was to have a Public Accounts Committee made up solely of Opposition Members. I took the time to find out how many meetings were held by the Public Accounts Committee during the last parliamentary term. I was informed that three meetings were held.

I also took the time to find out what was the difficulty with respect to other meetings which were called by the Public Accounts Committee and why those meetings did not take place. It is interesting to note that with respect to Members of the Opposition present, if we were to accept, and if in the Other Place it was accepted an initial Resolution which was brought there to simply decrease the number of members necessary for a quorum, even then the Opposition Members present would not have facilitated a quorum.

2.45 p.m.

Wednesday, July 02, 2003

SENATOR R.W. GRANT: I believe that is very important because the Opposition Senators and Opposition Members must not simply talk about this Public Accounts Committee being only a watchdog and only being facilitated by Opposition Members. They must also recognise that they have a responsibility to function and act when they are part of the Public Accounts Committee.

During the last parliamentary term, if you look at the meetings convened, you will recognise, Mr. President, that the Public Accounts Committee was not able to meet on occasions, due to Opposition Members not being present. Sir, first of all, I want to put to rest, the idea that even if a Public Accounts Committee was made up solely of Members of the Opposition, that it would be more effective.

Mr. President, the issue has to be that the Public Accounts Committee is able to meet, and access and scrutinise public expenditure. This is very important. I have every confidence that Honourable Senators will be able to assist in that regard. I have every confidence that the fact the Members of the Public Accounts Committee move from 7 to 13, we will be able to facilitate having a quorum.

I believe, Sir, that we cannot go through this debate without reflecting on the fact that not so long ago, there was quite a lot of talk about the fact that the Public Accounts Committee did not have the teeth to investigate and to, in effect, speak in relation to a number of entities in which the Crown has majority investment.

This Bill, as presented to this Chamber, certainly ensures that there can be no question by Opposition Senators to the fact that any entity in which the Crown owns 50 per cent or in which the Crown has majority voting shares, that the Public Accounts Committee cannot investigate. This is very important.

We must recognise that this Barbados Labour Party Government is not only talking about transparency and accountability. This Government is putting in place, within the legislation of this country, the necessary needs by which accountability and transparency is facilitated.

Mr. President, we will not expect to hear this Opposition saying that they cannot investigate into entities in which the Government has majority shares. I believe it is also important, Sir, that as we discuss this piece of legislation, we recognise its history. In another place, at another time, a resolution was brought which sought simply to reduce the quorum of the present Public Accounts Committee from four to two.

Even though the Opposition talked in the public domain about the fact that the Public Accounts Committee, as constituted, did not have the ability to investigate into certain entities, the Opposition still did not make any motion with respect to ensuring that this was facilitated, simply to reduce the quorum from four to two.

Sir, maybe, present Opposition Senators may not wish to recall because the fact is that in the Other Place, that Resolution could not pass because it was not given the support by the other persons from the Opposition.

We have to understand, Mr. President that as we expand the Public Accounts Committee, it is not for the Government and it is not to the Government's benefit, but it is to ensure that the Opposition, which chairs the Public Accounts Committee, will have no excuse in carrying out the responsibility of scrutinising and access Government's expenditure.

2.55 p.m.

Wednesday, July 02, 2003

SENATOR R. W. GRANT: In relation to the point made that this Senate does not deal with money matters, my fellow Senator made reference to the fact that supplementaries and the Final Appropriation Bill come to this Chamber.

I made that point because this Chamber must not be misled by being given the opinion that the ability of the Senate to speak to money matters is something new. We have to emphasise the point that the Senate, as presently constituted, has the ability to speak to money matters.

As I prepare to take my seat and to give my full support to this piece of legislation, I simply wish to end by saying that what we have to recognise, of that greatest significance in relation to this legislation, is the desire on the part of the Government to ensure that there is greater transparency and accountability. I believe that this piece of legislation deals with that adequately.

I am obliged to you, Sir.

Mr. PRESIDENT: I just like to advise, for the benefit of new Senators, that if they wish to catch my eye, to please turn your microphone on. The red light is an indication that you wish to speak. It really should be a green light, but I would take that as a sufficient indication.

SENATOR T. E. BARKER: Mr. President, I rise to support this revolutionary Bill which is revolutionary both in concept and design. It has one objective in my view, that is, that the level of accountability must be increased, that is, that the public through their representatives have every

right to know down to the last cent how their money is spent. As we all know, the money Government receives comes from the people by way of taxation, duties and so on, so the public has the right to know how their money is spent.

Sir, every year both Houses pass Bills which basically say how Government is spending its money. That is a right which is given by the people to the representatives that they and they alone decide how Government funds are to be spent. We must make a difference between the allocation of funds and the proper spending of those funds. It is not enough to say I am going to spend \$50 million on the welfare services. We, in Parliament have to ensure that \$50 million is spent in the most economical fashion so that the benefits go to the people and so on and there are no leakages. That is very important.

A lot has been said about the fact that this Honourable Chamber does not have any jurisdiction over money. Mention was made of the fact that in the so-called models of Parliament, in the British Parliament, that the House of Lords has no jurisdiction whatsoever over public funds.

Sir, there is a fundamental difference between the House of Lords and the Senate of Barbados. The basic difference is that the House of Lords was basically a Chamber where people got there by inheritance, where the King or the Queen, for that matter, dispensed favour by making certain people Viscounts or Lords. Many of them were related to the Monarch, so to deny them the right to have oversight over public funds is to say basically that the sovereign must give way to the people's representatives in the way how money was spent and allocated and so on which is quite different to what we have in our present-day Senate. We do not have any inherited Senators.

The Independent Senators are chosen as a result of the service they gave to the community in whatever field of endeavour they happen to be in. In the case of this present Chamber, we have people who have distinguished themselves in some form and fashion in private life. We have civil servants, scientists, business people, trade unionists, members of the clergy and so on.

That has been the tradition. If you want to tell me that those people who have distinguished themselves in their field of endeavour have neither the competence nor the character to make statements about how Government is spending their money, well then something has to be fundamentally wrong.

When Members of this Chamber are chosen, men and women of integrity and character are sought out, so to say that because they were not chosen in a particular way

that they have no right to have a say about Government expenditure is a flawed argument. To bring the British 1861 condition and impose it in Barbados is not fitting a person who is thinking and who understands the historical relevance of actions and reactions.

I believe that this Honourable Chamber has a right to be able to speak on money matters. I may have a view which may be different to some others on how this Chamber should be elected or selected, but that is a different matter. It is part of our democratic system and as a result I feel that it is only correct that men and women of integrity should be allowed to sit on the Public Accounts Committee.

This is a funny debate. One would have thought that the Government of the day should be the one saying no to an expansion of the duties and the composition of the Public Accounts Committee. One would have thought that the Opposition would be the ones who are glad for this opportunity to delve into these matters, but we have a situation where the Opposition who, by tradition, should be the ones who are carrying forward the work of the Public Accounts Committee, are saying no to a move both to enlarge its powers and its membership. It leaves me to speculate as to why.

Is it that they would prefer to have these important matters out there like a cancer so that when election time comes they would have some cause? Do they want to go on the highways, the byways, the call-in programmes and under the streetlights to discuss these matters when these matters can best be and should best be discussed by 13, or whatever the number we choose, people of character and integrity who can sit down and examine these issues? I see that as a more desirable way of handling things than what presently obtains, so I am disappointed because I feel that the Opposition should be grasping at this opportunity to be able to examine the way how Government functions and how Government spends its monies.

3.05 p.m.

Wednesday, July 02, 2003

SENATOR T. E. BARKER: I think they ought to rethink their opposition to this Bill. Sir, it was on January 14th, 2003, when this Resolution to include Members of the Opposition on the expanded Public Accounts Committee was passed by the Upper Chamber and, at the time, the then Opposition did not dissent. How is it that January this year, the Opposition Democratic Labour Party in the Other Place agreed to this Resolution ... and we know that it did not go through the stages because of intermittent events.

Mr. PRESIDENT: Senator Barker, I would ask you to discourage references to the Other Place. As you know from your long experience, that is a well-experienced rule of parliamentary practice.

SENATOR T. E. BARKER: Sir, the point must be made that there is some woolly thinking going on with the Other Side when there can be the flip-flopping of such matter as important as this. Sir, I wonder if in their wisdom the people of Barbados have done the right thing by increasing their numbers because it seems as though the more numbers they have, the more of a position they are taking.

Sir, the point must be made that accountability must be the key word of our governance and every action we do as a Government, must be able to stand scrutiny. This Bill is about ensuring that the mechanisms are put in place where the Houses of Parliament can scrutinise Government's actions and make recommendations.

Sir, we have a history in Barbados that when there are good Opposition leaders, the Public Accounts Committees function well. We know in the 1980s we had properly functioning Public Accounts Committees that have done some very good reports and have made those reports to Parliament, but now it seems as though in the recent past we are falling away from that tradition. I, therefore, hope that this expanded Public Accounts Committee would get us back on the road because they are mandated to meet and to report to the Houses of Parliament at least once every six months.

3.15 p.m.

Wednesday, July 2, 2003

SENATOR T.E. BARKER: The composition of the Public Accounts Committee does not depend on Government because there are four members of the Opposition, two Independent Senators and the quorum is five, so Government cannot frustrate the actions of the Committee because it can meet without any Government representative.

Sir, this Government is sure of itself and wants to bring accountability to the public. It is saying that the Public Accounts Committee can investigate its affairs and it does not have to be present.

Sir, the Government should be voting against this Bill, not the Opposition. I really do not understand what they are voting against because they have enhanced powers and corporations which Government owns or controlled 50 per cent are now brought under the scrutiny of the Public Accounts Committee.

Sir, I cannot understand it. Maybe they want to go to kangaroo court justice. If we are to become a developed society we have to do things in a manner which is befitting of such a status and it is incumbent on us to do things in a transparent and developed manner. We have to put in place proper systems and mechanisms so that the Opposition and Members of Parliament can go about their legitimate functions without any interference from the Government. Sir, all "jaws" can now be prized open and that which is done in secret can now be opened, but yet the Opposition is voting against this Bill.

Sir, my only hope is that in spite of the fact that they are voting against the Bill, that they will recognise their obligations given the fact that the Other Chamber has passed the Bill because the viability of our democracy is at state here. We read in horror about the level of corruption all over the world and we would like to hold up Barbados as a beacon and a place where the Government does things in a correct manner.

So far, as the Honourable Leader of the Chamber said, our actions have stood up to public scrutiny and we have earned a reputation worldwide where democracy and good governance prevails and this must continue into the future. It is our duty as parliamentarians that we put in place the systems to ensure that this happens.

Sir, no one likes paying taxes but if a person is sure that his tax dollar is properly accounted for, it eases some of the pain because he knows his money is being properly spent. If there is one thing we must do as a Parliament is to ensure that the systems and mechanisms are in place. If the Public Accounts Committee must report to Parliament every year, it is important that the Opposition leader takes his role as Chairman seriously and make sure that reports are laid in time.

Sir, we know that it is a good Bill because it is seeking to answer the concerns of the people for greater accountability. We hope that all Members of this Chamber join us in a crusade where we are seeking to ensure that we maintain in Barbados a responsible Government who takes its business seriously and works for the betterment of its country. This Public Accounts Committee Bill will go a long way to ensuring that transparency and accountability remains.

We commend this Bill to this Honourable Chamber and ask that it get the full support it deserves because it is another example of the Barbados Labour Party seeking to carry the wishes of the people forward.

Sir, Barbados is the only country I have known and also, the only one that I want to know and we want to make it the best it could be and this Bill will go a long way.

Sir, I am obliged to you.

SENATOR the Hon. J.E.D. WILLIAMS: Mr. President, I first want to begin by offering my own personal congratulations to the Leader of Government Business in this Honourable Chamber for the excellent way in which he introduced the Bill to us today.

Also, I would like to congratulate the Independent Senators and the Senators on our side for their outstanding contributions. However, I have to mention the contribution from Senator Linton because he has made thousands of Barbadians proud today. It was indeed refreshing and I appreciated his contribution very much.

Sir, in my brief presentation I will begin where Senator Linton left off. He was virtually saying that this Government had absolutely nothing to hide and that there is a body to examine every aspect of Government's expenditure. Today, history is being created because we are moving the Public Accounts Committee from the Standing Orders and enshrining it in law. I do not know if this is why the Opposition spokesperson is concerned because the Committee is now guided by law.

The Committee must now meet at least once every six months and I want to say to Senator Stuart that I have a different interpretation of Section 5 to which he alluded because, as far as I recall, it speaks to the fact that apart from meeting every six months, it can meet on other occasions and it can also meet under resolution.

Sir, the fact of the matter is that it is not left up to the whims and fancies of any one person because the Public Accounts Committee was never intended to be a one man show or a tool of the Leader of the Opposition for him to use when he has the chance to do so.

Sir, in the recent past people accused the Government and institutions like GEMS of all kinds of things and the Government said that meetings of the Public Accounts Committee should be called to investigate these matters. The Prime Minister also said that he was prepared to come before the Committee to answer any questions, but the Chairman of the Public Accounts Committee refused to call any meetings and the now Leader of the Opposition said there was no need to call a meeting because he was the Public Accounts Committee. Sir, that was carrying the matter to the ridiculous.

While efforts were being made to have the quorum via the then Leader of the Opposition reduced to two, Senator Mascoll said he was the Public Accounts Committee and Senator Stuart is now saying that one option is that all the members should come from the Opposition so we would have a kangaroo court.

3.25 p.m.

Wednesday, July 2, 2003

SENATOR the Hon. J.E.D. WILLIAMS: Sir, let us assume that for whatever reason that would guide anybody to that conclusion, if they chose not to meet and we did not choose to put legislation in place, they could keep the rumour mill grinding forever and everybody would be asking questions and there would be no accountability at all. Sir, that is what we are being asked to accept and that is what we are told is good governance. Mr. President, this Government has done everything to make sure that we move in a process of transparency.

Sir, on more than one occasion we have investigated ourselves. In 1998 we made Ministers accountable and we amended the Financial Administration and Audit Rules to make Ministers personally liable, particularly in cases where the Minister instructs accounting officers to incur expenditure, where they were advised by the accounting officers that by so doing it would have been in breach of the Rules. Mr. President, we did that to ourselves because we believe that we are accountable to the people and that is what this legislation is about.

Sir, we as a Government will make sure that we uphold ourselves to the highest standard of accountability and scrutiny. I believe that people who are looking on, listening are wondering, in my own parlance, what kind of "mid-summer madness" could get into an Opposition to say that they are going to vote against a Bill such as this. This Bill is intended to make sure that all of the difficulties that were identified and enunciated with the old way of functioning, as far as the Public Accounts Committee was concerned, would now be addressed and it would have the teeth to be able to get on with the job.

Sir, we have given the Public Accounts Committee the power to summon people before the Committee. Mr. President, Senator Crichlow said that he found the Bill disturbing and that he found the penalties onerous. That is my language. Sir, let me explain that when people come before the Public Accounts Committee, they have to speak the truth. They have to give their submissions under oath and it is no different from going into the law court and speaking the truth and not frustrate the efforts of the Public Accounts Committee or mislead the Public Accounts Committee.

Mr. President, I have no difficulty with attaching a penalty where witnesses give false evidence. The Public Accounts Committee is here to do serious work and it must be taken seriously, not only by Members of Parliament but by anybody who comes before it because it is about getting at the truth. It is about making sure that the public does not continue to see politicians as pariahs.

Mr. President, I am disturbed that as parliamentarians we do not understand that something like this can only redound to our own good. It is there to remove all doubt, to help the public understand how things are done, how monies are spent and to be accountable at the end of the day. I do not believe that it is too late for the Opposition to see the light because this is a serious piece of legislation.

SENATOR the Very Rev. H.E. CRICHLAW: Sir, on a point of elucidation. I spoke of the onerous nature of the kind of penalties for private companies and so on but I spoke of that in relation to the absence of sanctions to parliamentarians who did not attend meetings.

SENATOR the Hon. J.E.D. WILLIAMS: Mr. President, I am obliged for the explanation.

Mr. President, I believe that the Opposition can begin to behave like what an Opposition is supposed to be. I remember when our present Prime Minister was Leader of the Opposition, and even when he was a member of the Other Place, whenever he got up and spoke on matters, he did so in the interest of the nation. Sir, when there were issues on which there ought to be no divide, he behaved like a true Barbadian and like all the true great people who went before in the Other Place.

Mr. President, there are times when we have to set aside partisan politics and look at what is good for this country. This is an opportunity for the Opposition to step up to the plate. It is not too late to do so.

I am obliged to you, Sir.

3.35 p.m.

Wednesday, July 02, 2003

SENATOR the Hon. E.G. GRIFFITH: Mr. President, I wish to thank all Senators for the contributions which they have made to this debate. Firstly, let me say how pleased I am for the contributions that have come from This Side and I look forward to the remainder of this session, because it is clear to me that my task will be made easier, as time goes on.

I wish to thank the Independent Senators for their valuable contributions and their expressions of support for this piece of legislation. They have been able to recognise that it is intended to bring about greater transparency to the manner in which we conduct our affairs, and that it seeks to give this Chamber an opportunity to be involved in the examination of the financial affairs of this country.

We on This Side have recognised that there are many skills in this Chamber among the Independents, due

to the fact that they are not attached to a Party and they ought to bring an objective approach to such matters.

I understand the problem that my good friend, Senator Stuart has and I know that, at heart, he supports the legislation but I know also, that he is under instruction.

Asides.

SENATOR the Hon. E.R. GRIFFITH: I appreciate that, but we on This Side are satisfied that the intention behind this Bill is a noble one and it will be, in due course, to our benefit.

I do not have any doubt that we have a good system of accounting and financial management in this country. As I said this morning, for 30 years I worked in institutions in this country which gave me the opportunity to see across the entire public service. I know that we have a good public service, in spite of any deficiencies which they have, but there are lazy people all over the world. I found them wherever I went, but I know that in spite of that, we have a good public service and a good system. It is that reputation which we have built up over the years that has done us proud.

I have travelled all over the world and taken part in meetings at international institutions and whenever the name Barbados is mentioned, it is received in a manner that tells me it is synonymous with good governance and sound management and that is the reputation we have built up. Therefore, we do not want to see that reputation lost.

I take the concerns of Senator Crichtlow but what may appear to be harshness in the legislation is really not because of any intention to be unduly difficult or cruel to public servants. It is just to make sure that people understand and accept that even if they are satisfied that they have done their job well, and done everything correctly, it is that body which is set up to which the public will look, ultimately, for the clearance as it were, of what they have done.

Therefore, they must take it seriously. They must be willing and prepared to appear before it and provide it with all the information that is necessary to allow it to do its work. It is not really intended to frighten anyone. I am not bothered about it in the sense that I know, having been a public servant myself for 41 years, that our public servants will live up to expectation, once we make it clear what we expect of them. I have seen the occasions when they rose to the occasion beyond all expectations and I know that they will continue.

Mr. President, I commend this legislation to the Senate and I now move that the Bill be read a second time.

The question was put to the Senate.

Mr. PRESIDENT: A division has been called for and will the Clerk please conduct the division.

The Bell was rung.

The question that the Bill be read a second time was put, the Senate dividing as follows:

Ayes: Senator the Hon. E.R. GRIFFITH, Senator the Hon. J.E.D. WILLIAMS, Senator T.E. BARKER, Senator R.W. GRANT, Senator I. St.C. LINTON, Senator Miss S.C.V. HUSBANDS, Senator Miss P.E. PARRIS, Senator Miss L.V. EASTMOND, Senator G.P.I. GOODING/EDGHILL, Senator G.P.B. NICHOLLS, Senator Dr. F.L. CHANDLER, Senator the Very Rev. H. E. CRICHLLOW, Senator the Hon. Mrs. V.E. NEWTON, Senator Sir John Stanley GODDARD, Her Honour Senator Dame Patricia SYMMONDS - 15

No: Senator F.J. STUART - 1

On the motion of Senator the Hon. E.R. GRIFFITH, the Senate resolved itself into Committee on the Bill, Madam DEPUTY PRESIDENT in the Chair.

COMMITTEE

Madam CHAIRMAN: The Senate is in Committee.

Clause 1 was called and passed.

Clause 2 was called:

SENATOR the Very Rev. H. E. CRICHLLOW: Madam Chairman, on the meaning of House, "House" means the Senate or the House of Assembly, as the context may require?

I was wondering, Madam Chairman, whether we could not use the word Chamber, instead of House because House is so tied to the House of Assembly that it could be mistaken. There is one particular reference on page 9, section 14.

"14. Where a person upon whom a summons under section 11 has been served fails to appear or having appeared, fails to continue in attendance in obedience to the summons, the Chairman or the Deputy Chairman shall report the matter to the House and the House may order the person to attend the Committee."

Which House is referred to here?

Madam CHAIRMAN: Both, because it says that at the beginning. "House" means the Senate or the House of

Assembly, so you will have to take it that in both instances wherever you see House that it means both, the Lower or the Upper.

SENATOR the Very Rev. H. E. CRICHLLOW: So you can say, the House of Assembly or the Senate. It is a minor point but I thought that the Chamber might want to know.

Madam CHAIRMAN: Thank you Senator, so are you prepared to let it go?

Senator the Very Rev. H. E. CRICHLLOW: Yes, Madam Chairman.

Madam CHAIRMAN: Thank you, Senator.

Clauses 3 to 19, inclusive, were called and passed.

3.45 p.m.

Wednesday, July 02, 2003

Clause 20 was called.

SENATOR F. J. STUART: Madam Chairperson, I believe in my speech I made reference to the indelicate drafting of clause 20 and I should just like for the record to suggest that...

The governing subject of clause 20 (b) does not flow naturally from the governing subject of clause 20 which ends "that he" and where (b) begins "where he is reckless..." That is not correct English as far I know. I was thinking that the clause could have been...

Asides.

Madam CHAIRMAN: I take it that you just wanted it put on record.

SENATOR F. J. STUART: I think, Ma'am, that if the two words, "where he" in subclause (b) can be removed, the clause would just flow to read "that he is reckless as to the factual content of the evidence".

Asides.

Madam CHAIRMAN: The semicolon (;) or the "or"?

Asides.

SENATOR F. J. STUART: That is just my suggestion, Ma'am.

Madam CHAIRMAN: If it were an English essay, I would have passed it, but since you wanted it on the record and I take it that you are not recommending an amendment, we can continue.

Clause 20 was passed.

Clauses 21, to 22 inclusive, were called and passed.

The Schedule was called and passed.

On the motion of SENATOR the Hon. E. R. GRIFFITH, MADAM CHAIRMAN reported to His Honour, the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR the Hon. E. R. GRIFFITH, the Bill was read third time and passed and cited as the Public Accounts Committee Act, 2003.

ORDER NO. 2 – LIAT (1974) LIMITED (GUARANTEE OF INTEREST) BILL, 2003

SENATOR the Hon. E. R. GRIFFITH: Mr. President, in order for us to fully appreciate this matter which is before us and the role which LIAT plays towards our economic development, I think it is necessary that we first take a look at what is happening in the international airline industry.

To help you in that exercise, information which I have gathered from the International Air Transport Association (IATA) is that members of IATA worldwide in 2002 had a most difficult time and have lost US\$3.8 billion on international services. When this is added to what took place in 2001, we have a total loss of \$14 billion. That is what is happening internationally. That occurred prior to September 11th and prior to the Iraq war. So you can see that already the international airline industry was under great stress and strain.

If you look at it in terms of what is happening in Europe, you would recall that not so long ago there was an airline called Swiss Air in Europe. I happen to be living in Geneva at the time when Swiss Air went into difficulty. There was also Sabina Airlines.

3.55 p.m.

Wednesday, July 02, 2003

SENATOR the Hon. E. R. GRIFFITH: I travelled from Geneva to Brussels on Sabina Airlines to attend a conference that had lasted for three days. When I was about to return to Geneva, I was told that Sabina Airlines had stopped flying and, therefore, for me to return to Geneva, I

had to take KLM Airlines into Amsterdam, then take a connecting flight by KLM Airlines into Geneva.

At the time that I had left to go to Geneva, the only information I had was that all of the workers at Sabina Airlines were about to strike because they were not happy with the restructuring offers that were made by Sabina Airlines, but I had no indication that airline would have collapsed in three days.

Therefore, Sabina Airlines collapsed, Trans World Airlines collapsed, Air Afrique has gone, Lufthansa Airlines, a German airline, was in severe trouble and had to be restructured and given support by the State and has managed to continue; SWISS-Air was replaced by SWISS, which, at the present moment, is experiencing difficulties as well.

If one looks at what is happening in the United States prior to September 11th, 2001, one would notice that the same thing has been happening to those airlines. Companies such as American Airlines and others have been filing for bankruptcy and the other mechanisms which exist in the United States of America in order to protect themselves but which do not exist in this part of the world.

In fact, it is said in recent news that the top six airlines have over \$100 million in debt whilst having only a market capitalisation of \$4 billion. Therefore, one can see that those airlines are surviving, not because they are highly capitalised but because they have huge debts, et cetera, not to mention the other protective measures that are employed by the United States of America to cover them, or the fact that they have to rely on passengers brought by those airlines that fly outside of the United States of America, to help them to survive. Sir, one-third of the airlines in Latin America are technically bankrupt but are still flying.

Mr. President, the point I am making is that the international airline industry is one which was under strain prior to September 11th, 2001, but since September 11th, 2001, and since the Iraqi War, airlines have been put under greater strain because persons have become afraid to travel, so that if there are no passengers, the airlines naturally run into difficulty.

Sir, that is the international background against what I think we should look at in relation to LIAT airline. LIAT, as we know, is a small airline which has been plagued with problems from its inception. Those of us who know the history of LIAT know when Coard Lines, a British company which had tourism interest in St. Lucia, bought LIAT from BWIA. When Coard Lines collapsed in 1974, the CARICOM Governments, because of the important role which LIAT played then, and which they saw it playing in the future, had to get involved and that is how the

company, LIAT (1974) Limited, with which we are now dealing, came alive.

Sir, the reason why the CARICOM countries had to become involved is that when one thinks of the islands of Dominica and St. Vincent which do not have any external links with the rest of the world because they do not have international airports, those of you who have gone into Dominica know how difficult the terrain is there and going by LIAT, know how hazardous it is to go in and to take off. I was not courageous enough to go in by airplane so I went by boat.

I have heard others speaking about how terrified they were when the airplane was taking off, because they were looking straight into mountains and facing the possibility of crashing. Therefore, to those two countries, LIAT is their means of commuting with the rest of the wider world.

Sir, apart from those two countries, LIAT plays an important role to the other countries in the Organisation of Eastern Caribbean States in particular. Mr. President, one knows how quickly one moves from Barbados to St. Lucia. As soon as the airline takes off, it reaches that country in a short time. Therefore, one important feature of LIAT's operation is that it covers a number of short hauls.

Those of us who are familiar with the airline industry and how aircrafts operate would know that aircrafts come under heavy pressure in terms of usage of fuel when taking off and landing and, therefore, when aircrafts are doing short runs, that force them to be high cost in a sense because on taking off and on landing, these aircrafts use a lot of fuel.

When there are long hauls, that not only eases the aircraft in terms of stress on the engines, et cetera, but in terms of cost. LIAT's routes are not like that because we are all very close within the CARICOM arrangement but yet people need to travel. Therefore, the fact that LIAT itself has to cover those short hauls is, in fact, an impediment to it in many ways.

Mr. President, how important is LIAT to the region and why should the region continue to seek to help LIAT to get out of its trouble and to continue to fly? In a CARICOM setting where moving further and further into the integration of our economies, LIAT plays an important role in terms of business travel.

For example, I have been travelling on LIAT and sitting next to me was a Barbadian doctor who was going into Antigua to do consultations and operations and who was returning to Barbados in the afternoon to carry on with his practice the next day and so, a large number of our business people move throughout the region like that. We are a country that is promoting services as our way forward

and one of the areas we have our views on is the CARICOM Single Market and Economy.

Sir, the question might be asked, "If LIAT disappears, could they not get facilities through another airline?" That is quite possible but if we are promoting more and more persons to move throughout the region... I heard the Honourable Senator Eastmond speaking on encouraging doctors, lawyers and other persons, to move throughout the region selling their services. Therefore, it is not going to be a situation where we can simply rely upon one aircraft because there would be the question of the number of seats that would be available.

Tourism is also of critical importance to us and, as one knows, at the present moment, it is our single largest foreign exchange earner. After September 11th, 2001, when persons coming out of the United States of America and the United Kingdom became afraid to travel, and our tourism industry started to take a nosedive, people then begun talking about inter-regional tourism.

4.05 p.m.

Wednesday, July 2, 2003

SENATOR the Hon. E.R. GRIFFITH: We hear everyone speaking about intra-regional tourism and the beauty of this is that while tourists from Europe and the cold climates tend to come in large numbers during their winter season, intra-regional tourism can be cultivated all year round. This is an important source of income for us and something we can cultivate on an ongoing basis.

We need as many seats as possible and LIAT now carries 37 per cent of the market shares and makes 14 landings into Barbados daily and if LIAT goes, the question would be, will any of the existing airlines take up the slack? The tendency is for LIAT to use the bigger aircraft coming into Barbados which holds 50 seats because there is business here in Barbados.

Mr. President, we must not lose sight of the fact that a number of traders move up and down in the region on the basis that they come, leave the country in the morning, do their business and get back home in the evening. Barbados for a long time has been promoting itself as a gateway. Until recently, I lived in Europe and when people asked how I travel home, I tell them that I fly from Geneva to London on British Airways, make a connection the same day into Barbados and I tell them that British Airways flies to Barbados every day in addition to other aircrafts and this surprises them. I tell them that Concorde flies into Barbados as well and that Barbados is the only country in the region where it goes.

Mr. President, Barbados has been promoting itself for years as a gateway where airlines bring people to Barbados as well as to move on to other islands. If we are establishing ourselves as a gateway, large airlines will be attracted to our airport which we are now expanding in the hope of getting more business. They will come because they know they can bring travellers for the other islands, but there must be connecting flights available or it will not be attractive to companies. Also, if we are promoting Barbados as a gateway, it means business for Barbados in terms of landing fees and the other services which we provide at the airport as well. Mr. President, when I tell people that the Concorde comes to Barbados, they want to know this place that Concorde flies to more than once a week.

Mr. President, it is in this context that we have to look at LIAT. We recognise that LIAT has problems, is in need of restructuring and that it is playing an important role in our development and will continue to do so, not only in terms of promoting our tourism interest, but because we are developing Barbados as a gateway.

We also know that the OECS countries form the largest market for Barbados' export in this region and when these countries get into difficulties, it affects Barbados and our manufacturers because they export most of their goods to the region and any occurrence which will have a serious negative economic impact on the OECS countries has implications for us. We have to make sure that those countries are not put in a situation where they cannot continue to purchase our exports because it would have an impact on employment and it would also mean loss of business for us.

Mr. President, whatever we do, we have to be mindful of the central role that LIAT plays in the region and the impact that will occur to the region if LIAT disappears.

4.15 p.m.

Wednesday, July 2, 2003

SENATOR the Hon. E.R. GRIFFITH: The Heads of Governments have said to LIAT - and that is why there is now an initiative taking place between LIAT and BWIA so that in the future, apart from the fact that LIAT has done some restructuring to reduce its cost by 20 per cent, there is that initiative taking place between LIAT and BWIA, where the intention is that eventually there will be a single carrier.

Mr. President, all of us know that in this difficult world where the large airlines, American Airlines and British Airways formed an alliance and whenever you travel on British Airways they welcome you as one

alliance. These two airlines are big airlines and they still found it necessary to form an alliance. In spite of that, they still have difficulties because British Airways not long ago, though making profit made less than it is accustomed making and American Airlines filed for bankruptcy protection.

Sir, the Heads of Governments have decided that LIAT and BWIA must come together. That is now being worked on and a business plan is now being developed. Eventually that plan would be put before the Heads of Governments and signed off on.

Mr. President, the Government of Barbados is guaranteeing the interest payment on a bond issue which already exists to make sure that LIAT will continue to do its business, serve the region and play that pivotal role to the region's economic development while they work along with BWIA and do the restructuring that will be necessary to make one airline a viable airline.

Therefore, I would urge all Honourable Members to support this Bill so that we can continue to promote our tourists interest and encourage our service providers to continue their business without any difficulty.

I thank you, Mr. President.

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

SENATOR F.J. STUART: Mr. President, the Opposition is in support of this Bill. We have identified fully with the purpose of the Bill and I am indebted to the Honourable Minister for his very lucid and exemplary introduction to which he treated us.

Sir, it is correct to say that the airline industry is going through traumatic difficulties and that has been the case for some time and larger countries and airlines have been making adjustments in respect of their air transport arrangements. So, we must not be surprised if a small airline like LIAT finds itself in similar difficulties.

Mr. President, as the Honourable Minister indicated, in a sense LIAT was conceived in an emergency because in 1974, at very short notice, when the owners, Coard Line, threatened to close it down and Governments of the region had to come together to rescue the airline. Sir, LIAT, having been born in financial stringency, was cradled and nourished similarly.

Mr. President, LIAT's history is not unlike that of BWIA which also in 1961 came into existence after BOAC indicated that it was leaving the region and closing down its operations. After the Federal Government, along with some other Caribbean islands could not reach an

arrangement to rescue it, the Government of Trinidad and Tobago had to buy the airline and that is how BWIA came into being.

Sir, the Minister indicated that there are plans to establish a single regional carrier and that the Heads of Government have put regional air transport as a priority head on the agenda. Mr. President, this is music to my ears because for the last 30 years this tune was being sung in the Caribbean and being sung by what sounded like a solitary voice of the late William G. Demas who consistently, insistently and persistently thought that the solution to airline problems in this region was the establishment of a single regional carrier.

Sir, his contribution to public discourse and enlightenment in the region has not been fully appreciated but long may we remember him in gratitude. I am satisfied that his input into the thought of the people of the Caribbean and their vision of themselves entitled him to an ensuring renown.

Sir, LIAT has had its difficulties and the Government of Barbados is quite right and wise to come to its rescue in these circumstances by guaranteeing the payment of a portion of this interest on this bond issue.

Mr. President, as an intra-regional carrier, about 10 years ago the record was showing that in a financial year LIAT was transporting about one million across this region and that is no small feat for an airline which has been beset by difficulties from its inception. Sir, having regard to the fact that today we are not contemplating the establishment of a Caribbean Single Market and Economy, it is important that intra-regional air transport be reliable because air transport is still the preference for passenger travel in this region.

Mr. President, if the airline is to survive and if the objects of a single regional carrier are to be met, if LIAT is to get out of its difficulties and restructuring is to make sense, it would need greater access to passengers. Mr. President, that greater access cannot be guaranteed if regional Governments, in spite of talking about a Caribbean Single Market and Economy, maintain restrictive immigration policies, thereby frustrating the wishes of the people of the Caribbean to deepen their familiarity and contact with one another.

Therefore, there is a need for us to promote freedom of travel across this region so that the intra-regional carrier, LIAT, can have the passenger base that would ensure a greater viability than it presently enjoys. There is still too much restrictiveness in the area of the freedom of movement of people in this region.

Sir, I am aware that a few years ago this Government passed legislation facilitating the freedom of movement for skilled persons across the region and other CARICOM States are limping along in that direction. Barbados always tends to set the pace on these issues. It is no small wonder that other countries in this region tend, sometimes, to treat Barbados as the milched cow of CARICOM.

Sir, I think that the decision is a good one and should be broadened, but not broadened before other CARICOM countries indicate by positive action that they are prepared to promote freedom of movement across this region to deepen the integration movement, for which William Demas was calling for over 30 years ago, and to bring us closer to realising the objective of establishing a Caribbean Single Market and Economy.

4.25 p.m.

Wednesday, July 02, 2003

SENATOR F.J. STUART: The Minister is quite right in suggesting that if our skilled persons are to move between these islands and sell their skills, they need reliable air transport. The very circumstances of the birth of LIAT as a regionally-owned airline and the circumstances of the birth of BWIA as a Trinidad-owned airline remind us, hauntingly, that in circumstances where we are not in charge of regional air travel, at very short notice, the facilities which move our people between the islands of the Caribbean can be frustrated by sudden decisions, made by other people who have other interests to protect and to proceed.

I applaud the Government on this initiative...

Asides.

SENATOR F.J. STUART: I am not likely, Mr. President, to be subjected to the volley of criticism on this occasion, as was the case earlier, because that is guaranteed once we support the Government.

The objectives of this Bill are wise and deserve, in my view, the support of the Senate. LIAT has justified its existence, even if not financially, in terms of the sterling service it has rendered to the whole business of intra-regional travel across CARICOM.

I am obliged to you, Sir.

SENATOR B.R. COLLYMORE: Mr. President, I would have to identify with the views expressed by the previous speakers about the necessity for this support to LIAT. There are one or two points I would like to make, relating to the Bill before us.

Maybe it is difficult for me to understand these matters but the guarantee which the Government is giving, is with a payment of interest, in the sum of \$16 462.91. In the Schedule to the Bill, the interest is payable semi annually, in arrears at the rate of 9.34 per cent - I believe that should be "or", not "of" - or \$16 462.91 per month in the currency of the United States.

Is this Barbados' portion of the interest that has to be paid and not the overall amount, because the interest at 9.34 per cent would be substantially more than \$16 462.91. That is one thing I would like to think is clear.

Sir, the Schedule now forms part of the Bill, but we were told that the Bonds have already been issued. I believe that the Governments still have some share in LIAT, but in 1974 a change was brought about to involve the private sector in the ownership of LIAT. At that time I believe the company was restructured by collapsing the previous company and establishing a new company.

I think what is now proposed by throwing money behind the Act, in terms of trying to ensure that it remains in the air, is only a very temporary arrangement and will not, in any way, improve the operations of the airline. I think the restructuring of the finances ordered by the Governments should have, and I hope they do have, some specifics about restructuring.

I recall that more than half of the staff of LIAT were from Antigua where the headquarters was based and that, at one time, LIAT was a recruitment agency for Antiguan. Unless there are specifics, that is, there will be certain things, such as, administration of the airlines, the question of staff and all of these things, you will not affect any restructuring, in the context of the history of LIAT. Perhaps it might have been better to collapse the LIAT of 1974 and institute something new and different.

Sir, to wait on the amalgamation of LIAT with BWIA, I think, is as far away as anything that we can imagine. BWIA is in an equally bad position as LIAT. Therefore, you have two limping entities to amalgamate, in circumstances where there is even a reluctance of the owners of BWIA, to invest money in the present arrangement.

I am not an optimist in this respect and I think that while I agree with what the Minister said, that LIAT is important to us and it is important to the region, I fear that the present company is no more than a waste of time. The Catch 22 thing applies here.

There are other matters relating to the whole area of the civil aviation policy that come into play in any examination of air transportation. This subject is very complex and important to business, the economy and any

aspect of our existence. We had very few skilled persons working at the policy level, and in the regulatory arrangements for civil aviation.

I believe that in the 1960s, an attempt was made to specifically train persons in civil aviation law, civil aviation economics and engineering. Since then, the trained people have all departed. The Chief Technical Officer for Civil Aviation in the Ministry of Civil Aviation retired about four or more years ago, and to this day no permanent appointment has been made to the office, and indeed, only a temporary appointment in recent times. We have to treat this matter with more importance and urgency than the present arrangements suggest.

As I said, civil aviation is a very complex matter. There are all sorts of meetings, new regulations and rules being developed on their rights and matters relating to civil aviation. Except for the very recent past, for many years, Barbados has not been attending these meetings. We should not be caught in a situation where this rapidly dynamic and changing subject is not at the forefront of our interest. I fear that we are going to be left behind, if we have not yet been left behind, in this matter.

In general terms, the airline industry has been in turmoil, perhaps from the time that the President of the United States issued his deregulation arrangements, when small and medium entrepreneurs were able to enter into the airline industry, and by paying \$199 and boarding a plane like a bus, people were able to move from Europe, Britain in particular, to the United States of America.

4.35 p.m.

Wednesday, July 02, 2003

SENATOR B. R. COLLYMORE: That created a niche for people like Richard Branson and Yves Panneels who became successful. The success of that type of effort reflected in the lack of success with the scheduled airlines and they were not able to correct that, when suddenly, added to their problems, became the matter of September 2001. People are fearful of travelling. The competition is greater at a level where they cannot cope. Most of them are threatening to go bankrupt or expecting their government or governments to underwrite the cost of their great losses.

We need, therefore, to introduce a time frame for ensuring that LIAT comes up with this restructuring programme. Perhaps, the Heads, through a technically appointed committee, should give LIAT specific instructions about the restructuring and not just restructuring financially.

I hear that the pilots of some airlines work 16 hours a week. A pilot is a highly skilled specialised kind of

trained person with a great responsibility. While a bus driver does not have that level of skill or requirement for his education, his risk responsibility where he is on earth driving with 90 or more passengers daily is even greater than a pilot. One is 10 or 20 times more likely to be killed in a bus or in a car on the roads than dying when flying in an aeroplane, so while it is true that their concentration must be heightened and they must not be allowed to be overworked, is 16 or 18 hours a week sufficient for them to work/ How do you therefore effect that restructuring if you cannot get to the heart of matters like that.

The Minister, in making the presentation, said that - and I agreed - the frequent landings and takeoffs is a very costly exercise. I wonder if there is any indication about the landing fees and the debt owed to the Government of Barbados from LIAT on this matter of landing and taking off and whether we use any aspect of that for other equity in any other way.

I remember that LIAT had not paid any landing fees for many years some years ago. I, therefore, think that while we have sympathy for LIAT, when we talk about reforms and changes, something has to be done about this historical debacle that has been part of LIAT's operations.

I believe, in terms of Barbados' direct participation in the bond issue that, what we are required to pay relates in some degree - and if that is not so, I stand corrected - to our shareholding in LIAT which would be in the vicinity, if you look at the interest payment of seven and half per cent of the overall capitalising of LIAT. I did not know it was that much because in 1974 Barbados almost entirely backed out of the new LIAT (1974) Limited.

The bond issue is for 10 years. The Government may by a Resolution of both Houses of Parliament - Does this Bill constitute a resolution in that context, meaning a determination as distinct from a specific resolution which we know normally would come for money matters? That is something I want to be clear on, whether the Bill itself when passed or do we have to have a specific money resolution brought to Parliament. Why is it necessary to have a resolution when you have a senior bit of legalisation specifying the same thing? If that is so, it may be a legal reason and I would like to hear why.

It will be impossible for anybody in this Chamber who understands the nuances of civil aviation in the Caribbean as distinct from its wider nuances in the world not to support any measure to give LIAT a lifeline. LIAT has not had a history of any great success in managing its affairs. Therefore, we should put the tightest possible conditionality on their restructure to ensure that a few months from now we would not come back and ask for more money, if perhaps the bond issue might not have met the required financing.

I thank you.

HER HONOUR SENATOR Dame Patricia SYMMONDS: Mr. President, first of all I wish to congratulate the Minister and Leader of the Senate, I did not do so before when other people had. Maybe I took it for granted that he would present his things with the clarity, the brilliance and the conciseness which he has done, particularly so in this last Bill.

I want to say a few words about this bond issue. I have to fly even though I am scared of flying. I think this is an important Bill. At this point I have no quarrel with what Senator Stuart has said, I wish him to know.

Unquestionably, LIAT has served the travelling public in the eastern and southern Caribbean faithfully for the last three decades and assisted in uplifting passengers, both Caribbean and tourists, arriving on long-haul flights from Antigua and Barbados to other islands. Mail and limited cargo are also carried. Without LIAT, schedule carriage by air to and from various islands would not have been possible.

As has been intimated, it is not the first time that government shareholders have been asked to assist financially whether in terms of an actual injection of funds, or guaranteeing funds, or even waiving and/or reducing landing fees.

The Leader of the Senate referred to September 11th. I think it is important to note that since 911 there have been increased cost in aviation fuel, spare parts, insurance and the leasing of aircraft, and moreover, loads have been reduced. I think Senator Collymore referred to that.

4.45 p.m.

Wednesday, July 02, 2003

HER HONOUR SENATOR Dame Patricia SYMMONDS: In addition, in recent times, there has been competition for LIAT by American Eagle where direct services are concerned. For example, there is San Juan to Antigua; San Juan to Barbados, with an occasional stop on weekends in Cancun, San Juan to St. Lucia, San Juan to St. Vincent and, of course, by Caribbean Star Airlines, to and from most of the islands.

Mr. President, there is a view that LIAT should be protected from competition but, in current industry trends, liberalisation is the norm and not protectionism and an opened sky or deregulated policy is a feature of the airline industry. Besides, in my view, competition is always healthy.

In aviation terms, a flight makes a return on profit if there is a break-even factor, or operation, and beyond break-even is profit. In thinking of restructuring and making LIAT viable, I think that LIAT will always have to strive for a break-even operation.

As the Honourable Leader of Government Business has said, LIAT is not the only airline which has faced difficulties in the past. Many are currently doing so. There is the fear of predatory pricing which is something one would have to look at carefully. I would hope that a regional competitive authority would soon become a reality so that any issues or concerns about the conduct of any regional carrier could be examined and a decision taken but it is important, indeed, urgent that we support this Bill for the survival of the airline and its importance to Barbados.

Mr. President, I am very pleased to support this Bill and I do urge everyone in this august Chamber to support it.

SENATOR the Hon. Mrs. V. E. NEWTON: Mr. President, I rise like the others before me, to support this Bill, LIAT (1974) Limited (Guarantee of Interest) Bill, 2003, but like Senator Collymore, I have grave misgivings because the question is, "until the World Bank Report that has been commissioned by Caribbean Governments on LIAT's finances and assisting in its restructuring is ready and accepted, how long would it be before we are asked again to come to LIAT's assistance? As was said sometimes in March, LIAT has said that it needed somewhere in the region of US \$100 million for it to be able to stay alive.

Mr. President, this airline has been plagued with financial problems for the 45 years of its existence. I think that LIAT has made or has declared a profit once and that was the year when it was restructuring. When LIAT (1974) Limited was being set up, it received concessions from both the British and Canadian Governments and, at that time, was the only carrier in the Eastern Caribbean. It has made no difference because all those years LIAT has not made a profit.

It has been claimed that LIAT is a social service airline and, therefore, cannot make a profit because it has to do a number of short flights called island-hopping. Therefore, persons having some knowledge of the industry could see that if one is going to be operating a carrier which makes stops hourly to different islands, that it is likely to be an expensive operation.

LIAT has also pointed to competition from Caribbean Star Airlines for predatory pricing and the most recent one, Caribbean Sun. The problem with LIAT's argument is that in its 2001 Annual Report, it said that it was going to be restructured and would have shed some of

its staff in order to make a profit but instead, had made a loss of \$36.9 million. There was a further restructuring and market changes in 2002 and it has made an even bigger loss. Sir, the point is that in 2001, Caribbean Star Airlines had only just started and, therefore, LIAT could not have blamed its losses on that airline.

Sir, there are some problems that are fairly well known, from which LIAT is suffering. My hope, like that of Senator Collymore's, is that while we are all sympathetic toward LIAT, that Governments dealing with LIAT, BWIA or any of the other airlines that have problems, would devise plans to help these airlines out of their difficulties and keep them afloat.

Mr. President, over the years LIAT has done some things to help itself. It has reduced its staff from approximately 1 000 to approximately 600 but Caribbean Star Airline, which has been flying for more than two years, has a staff of over 250 and are presently doing almost as many flights as LIAT. On the other hand, LIAT's senior and middle management staff have also taken big pay cuts but still it has not been enough to help it stay afloat and so we have to wonder about LIAT's management and its operational activities.

We have heard comments about LIAT's headquarters, whether in its restructuring operation, LIAT's headquarters ought to remain in Antigua. It is claimed - I do not know if it is so - that there is political interference. It is claimed there is interference in staffing matters, et cetera, by various parties that are based in that island.

There are also reports that LIAT's management structure is weak, that the managers are persons who have moved up through the rank and lack training. Senator Collymore has mentioned some of the skills that certainly our aviation department here should have but I would say that every airline ought to have among its top management but it is being claimed that LIAT does not have some of those skills.

4.55 p.m.

Wednesday, July 2, 2003

SENATOR the Hon. Mrs. V.E. NEWTON: For a company that is financially strapped like LIAT, I do not know if it is the best possible course of action because it will increase its debt.

Mr. President, this time around, Caribbean Star, an airline that has deep pockets, might be able to run at losses for a long time to come but LIAT cannot do the same. Therefore, in its restructuring, LIAT has to take competition into account because it is a factor that everyone has to live with. If LIAT cannot live with the

competition, the Government will have to look seriously at grounding the airline and starting afresh. This may sound, cold harsh and callous but our tourist industry survived the failure of PAM AM and Eastern Airlines and we might have to ground LIAT and come up with an airline that takes into today's reality.

Sir, as regards a merger with BWIA, Senator Collymore said most of what need to be said about that. He said there are two limping entities and it would be a question of what they can do for each other, especially when they have similar problems. I am told that BWIA and LIAT pay more for their leases than Caribbean Star does although I am told that Caribbean Star leases older planes and this is something that must be looked at in the restructuring process.

Senator Collymore also mentioned landing fees and the various ways in which Barbados and the other Governments might have been helping LIAT over the years. I am reliably informed that LIAT pays landing fees in few places and that it never has money to do so. I am not sure how this has been converted to increase Government's share in the airline but I imagine it would work to give Governments a greater say in how the airline is managed.

Mr. President, now might be the best time for LIAT to start afresh. As soon as the report on LIAT's operations has been presented, LIAT can go into bankruptcy, a scheme can be arranged to pay its creditors, some of whom might experience a loss but that is the way these operations often go.

It may well be that private enterprise should take over. I have said earlier that there is a lot of sentiment for LIAT and BWIA but, at the same time, we have to realise that competition is a fact of life and will become increasingly so during the next few decades.

Mr. President, while I support the Bill before us, it has to be that LIAT's affairs should be examined carefully and that stringent plans for its future operations be agreed on.

Mr. President, I thank you.

MR. PRESIDENT: Senator Gooding-Edghill.

SENATOR I.G.P. GOODING-EDGHILL: Thank you, Mr. President. The Bill before this Honourable Senate demonstrates this country's commitment to CARICOM, a restructured LIAT, jobs, particularly in the tourism and aviation sector, not only in Barbados but throughout the OECS countries that depend in no small measure on tourism.

In supporting this Bill I want to congratulate the Leader of Government Business, Honourable Senator Griffith for his clarity in bringing the Bill. I believe all Barbadians would be satisfied in the way the Honourable Minister presented the case for Government's support of this Bill.

LIAT has successfully demonstrated that its current financial crisis is due to a large extent to low yields and that its cost has been reduced to 20 per cent based on its putting into place the 2001/2004 business plan.

The second point in supporting this Bill has to do with the economic cost of closure of LIAT. It is no secret that if we had to close LIAT it would cost in excess of EC\$200 million, but the economic cost would be far greater because throughout the entire region we have several tour operators, transport operators and hotels who depend in no small measure on tourism receipts for their survival especially those who no longer have the foreign exchange that comes from bananas et cetera.

A number of Governments throughout the region depend largely on foreign exchange receipts and if we were not to support the Bill and LIAT it would mean that the economies of the entire Caribbean region particularly those in the OECS region would be compromised, putting them in dire straits.

It is important that we recognise that unemployment would be a significant factor if we allow LIAT to go under, not to mention the additional social and economic dislocation.

Mr. President, it is true that LIAT accounts for 70 per cent of intra-regional travel and, as I have said before, it is important that percentage be maintained for employment generation and economic development within societies.

5.05 p.m.

Wednesday, July 2, 2003

SENATOR G.P.I. GOODING-EDGHILL: If we do not have intra-regional service that competes with other entities within the CARICOM region, it would not do the hotel sector in the region any good if the region were to allow this one entity to continue to dominate and set the market rate.

Mr. President, it is also important that we recognise that other Governments in more developed countries have recognised the importance of aviation to the success of their tourism product. It is important for us to support this Bill before us in order to enhance our economic viability,

as the Caribbean continues to be a very popular tourist destination.

I think it is important that we recognise that out of all of this, with respect to LIAT, that we form linkages with major airlines throughout the world and that is the way we will have to go in this world. After September 11th when tour operators were on their backs to reduce rates, some hotels fell into the trap of reducing rates to competing with each other. We have to recognise that LIAT must not fall into this trap but it should focus more on sound management practices and revenue yield management techniques. This is done with American Airlines, Virgin Atlantic and British Airways.

Mr. President, strategic alliance between BWIA and LIAT should be encouraged and supported because there are several benefits to be derived from such an exercise because they have demonstrated that they can save up to 20 per cent of their cost based on the 2001-2004 business plan which they have put into place.

Mr. President, another significant point that CARICOM Governments would have to address has to do with the need for countries to amend legislation to deal with predatory pricing, which is a major problem. Unless we deal with the problem immediately, we will always have the challenge of LIAT and other entities experiencing serious difficulties. It is not acceptable because one airline has a deeper pocket and can afford to engage in a price war and reduce prices beyond market value that it should be acceptable for LIAT to follow suit, or for LIAT to fall into this trap.

Therefore, CARICOM Governments should put in place legislation to govern predatory pricing to ensure that LIAT, not only is protected but it is placed on a level and fair playing field. For example, E C Express decided to close its operation and it is fair to say that they closed because of the predatory pricing of other airline entities within the CARICOM market going below the existing market rate.

Mr. President, it is important that we deal with this matter swiftly because the countries within the region cannot afford to go without a regional aircraft carrier for all the reasons advanced earlier. It is a fact that in terms of the equipment used on the various routes is important and LIAT would have to take that into consideration and would have to ensure that they have the right aircraft to service particular routes because, obviously, this is a very technical area.

Sir, I would also like to suggest that CARICOM Heads should, perhaps, pay greater attention to LIAT, not necessarily in the day-to-day affairs. There is going to be a board and once the new entity comes into operation, I think

it is necessary that an advisory role or some other mechanism be put in place to review this new entity, maybe quarterly, so that Governments would not find themselves in a position at the last minute where they are responding to crises by an entity they are supporting. I believe that it is necessary and once this is put in place and, perhaps, convenes quarterly, it would assure and give the necessary guidance and protection needed within CARICOM Governments.

It is also critical that we support LIAT based on what is happening in the aviation industry. If, for example, we look at what is happening in the region, Virgin Atlantic will shortly launch a new Sunday service for this winter season, start from October 26, 2003 to March 26, 2004 with their 747 aircraft, with 28 first-class seats, 38 premium seats and 373 economy seats. Beginning this winter there would be weekly service, every Tuesday and Friday, as a stand-alone. There lies the opportunity for LIAT to come into the market into an arrangement with Virgin Atlantic and try to move passengers to the other destinations if we explore multiple marketing opportunities.

Sir, Virgin Atlantic plans to have four ad-hoc Manchester/Bridgetown services and it is anticipated to start December 28, 2003 to April 11, 2004. Sir, this service is not only to cover the popular Easter period in the region because if you are moving traffic out of the United Kingdom to this region, not only for Easter but also for cricket, that would benefit Barbados and the other CARICOM islands. If proper marketing is put in place and use the linkages that they have, we can expand, develop and exploit the tourism dollar in these particular jurisdictions.

It is anticipated that Virgin Atlantic would have additional 16 000 seats this winter from London/Gatwick to Barbados, in which lies another opportunity for LIAT. It is predicted that they would have approximately 81 000 air seats, an increase of 33 per cent over last year.

Sir, British Airways is following suit, and Concorde is no longer flying, and they would introduce new 777 aircraft and we would have new aircraft into Barbados. British Airways has very strategic flights coming into Barbados and they are also projecting additional air seats.

Mr. President, we should support the Bill before this Honourable Senate and LIAT should take into consideration the opportunities that exist, continue with their business plan, cost containment programme, engage expertise to review their expenses and if they do that, I think that LIAT would be on their way to greater success. It is a period for LIAT and major airlines.

The Honourable Minister made the point that American Airlines once reported good profits and recently it had to change its CEO. It is a turbulent period and it is important that we recognise the importance of LIAT to this region. We should recognise that we should not be selfish because we have the benefit of large aircrafts coming to our country. We have to recognise that there is a portion of our business that would come from the region, especially OECS countries, and we have to support them.

Mr. President, I want to join other members in giving my support to this Bill.

I thank you.

SENATOR R.W. GRANT: Mr. President, I am sure that from listening to the debate thus far, Honourable Senators will agree that LIAT provides a significant services for Barbados. I am sure that Honourable Senators will agree that the impact of the September 11th terrorists attack in the United States of America, the continuing threat of terrorism and the Severe Acute Respiratory Syndrome (SARS) epidemic have contributed to some of the difficulties and problems which airlines today face.

Sir, as we speak about our tourism sector within the CARICOM region, we must recognise that a critical success factor is the availability of appropriate air transportation.

5.15 p.m.

Wednesday, July 02, 2003

SENATOR R.W. GRANT: Mr. President, I believe the point must be made that when we speak of air transportation, we must also take account of the fact that the provision and transportation of passengers and cargo, from one destination to another, is important. Sir, the availability of ground handling facilities, airport taxis, et cetera, are also very important to air transportation.

Mr. President, if LIAT was to stop flying from today, that will have a significant impact on other areas of economic activity. Today, Sir, we in CARICOM and many others throughout the globe, face the challenge of having effective and appropriate air transportation. We face our specific challenges because of the financial difficulties which both LIAT and BWIA face.

The transportation, therefore, of passengers and the ability of people to travel throughout CARICOM is very important. LIAT provides a very significant service. LIAT has also, Mr. President, been responsible for transporting passengers from within CARICOM to international carriers as well. You would have heard the Honourable Minister

indicate that 37 per cent of the travel within CARICOM is facilitated by LIAT.

LIAT's clientele is made up essentially, Sir, of passengers travelling on business, or passengers visiting friends and family. Sir, from what I have said, thus far, I am sure that all Honourable Senators will agree that LIAT plays a critical role in the movement of CARICOM people.

Sir, as we talk about a CARICOM Single Market and Economy and the movement of Caribbean people, that cannot be achieved simply by having the legal framework for Caribbean people to move freely throughout the region, but it also relates to having affordable and available air traffic.

LIAT, as an intra-regional airline is necessary for us to achieve the objectives of the Caribbean Single Market and Economy. The Minister would have indicated that LIAT makes approximately 14 landings a day in Barbados, transporting approximately 724 passengers.

Sir, between January and December of last year, LIAT transported approximately 231 671 passengers. Of those 111 683 were passengers brought into the island and another 100 825 were passengers who were taken out and 19 183 represented passengers who were direct intransit passengers, meaning that they came in and left on the same LIAT flight.

Sir, you and the Honourable Senator would know also that BWIA, when it was operating, I believe as Bwee Express, would have taken passengers to places such as St. Lucia and St. Vincent. For this year, it is certainly true that LIAT has been able to have a large percentage of the 600 passengers which Bwee Express would have, in the past, transported through Barbados and into the region and into Barbados, on a monthly basis.

Sir, I make the point, that if LIAT tomorrow, tonight was not flying, it would have a significant and negative consequence for our country and the region as a whole. One of the things we have to look at, Mr. President, is the fact that LIAT flies on economical routes and a determination will have to be made by CARICOM Governments, once LIAT is rationalised and once we have the merger of LIAT and BWIA, what needs to be done to compensate LIAT, when they go into territories or countries where the routes are uneconomical.

I say, Mr. President, CARICOM countries because I am sure that Honourable Senators will agree that there are some CARICOM countries, if they are forced to subsidise the cost of having available air transport, may find it very difficult.

The Honourable Minister indicated the importance of travel throughout the region and the importance of the services sector to Barbados, and our ability to sell, particularly to the OECS countries.

It is a fact, Sir, that LIAT's initial capitalisation was inadequate. It is also a fact that subsequent financial assistance which would have been given previously, may not have been adequate enough, not because that this financial assistance, identified, was not appropriate, but because some CARICOM Governments have failed to honour the obligations which they have given.

Sir, I wish to reflect on a meeting which took place in Barbados on April 13, 2003 where the Heads of various Governments, Barbados, St. Vincent and the Grenadines, Trinidad and Tobago, the Deputy Prime Minister of Antigua and Barbuda gave a commitment of providing financial assistance to LIAT.

Barbados committed itself to provide financial assistance of EC\$3 million, St. Vincent and the Grenadines EC\$2.5 million, Grenada EC\$300 000, Antigua and Barbuda, I believe it was, EC\$4.8 million. To date, Mr. President, all CARICOM countries that have indicated they would provide assistance, have not done so.

Sir, CARICOM countries must be encouraged that as we seek to provide the necessary financial assistance to LIAT, we ensure that we do not only indicate what the appropriate financial assistance is, but we honour the commitment which we gave in ensuring that LIAT continues to fly.

Sir, as this Chamber debates this Bill to ensure that the Government can provide the guarantee for the interest on the Bonds, the rationalisation of LIAT and, indeed of BWIA is already taking place.

5.25 p.m.

Wednesday, July 02, 2003

SENATOR R. W. GRANT: That merger must be done in a manner whereby the new entity is financially viable.

Subsequent to the meeting that took place in Barbados on April 13, 2002, a meeting was held in Trinidad and Tobago on June 22, 2003. That meeting was attended by the Prime Minister of Trinidad and Tobago, the Prime Minister of St. Vincent and the Grenadines, the Deputy Prime Minister of Antigua and Barbuda and the Minister of Tourism and International Transport of Barbados. Certain agreements were reached at that meeting.

I should also point out, with respect to the meeting which took place on April 13, that the Government of Trinidad and Tobago indicated that they would provide a EC\$12.5 million loan which would be free of interest payments and with a moratorium on repayment of five years.

Coming out of that meeting in Trinidad and Tobago, an agreement was reached that a holding company would be incorporated in Trinidad and Tobago within 14 days of that meeting, and that the restructured companies, LIAT and BWIA, will hold shares in that holding company. It was also agreed that the name of the holding company would be Caribbean Airlines Holding Limited which was subject to the approval of the Registrar of Companies in Trinidad and Tobago.

It was also agreed that a technical coordinator should be appointed no later than July 15, 2003 to prepare and coordinate the implementation of a detailed plan for the establishment of the new company and for the restructuring and rationalisation of the operations of LIAT and BWIA.

During the meeting of April 13, 2003 a technical committee was constituted which was required to determine the most appropriate structure for a single carrier and the most appropriate strategy for achieving such. The technical team coming out of the meeting in Trinidad and Tobago is required to work in conjunction with the technical coordinator to determine the strategic and operational issues of the new airline and the equity requirements for the new holding company.

Mr. President, there are CARICOM Governments who believe in the concept of a single carrier to serve the eastern and the southern Caribbean coming out of the resources of the existing carriers. This is to ensure that there is adequate airlift capacity. The creation of a single carrier or at the very least greater functional cooperation between airlines in the region will result in lower cost.

We can expect that with a single carrier or with greater functional cooperation that there would be lower cost in ground handling operations, fuel, catering, information technology, bulk purchasing and check-ins. In fact, with a single carrier, the determination may very well be made that a website with all Caribbean carriers will appear similar to what takes place presently with Expedia.

The rationalisation of LIAT and BWIA and the objective of creating a single carrier will ensure that airline transport in the region is economical. The creation of the single carrier should involve regional carriers such as Air Jamaica and Caribbean Star. The creation of that carrier must not be seen as an elimination of the brands that now exist; Air Jamaica, Bahamas Air, Cayman Air, but simply that it provides for lowering of operational and

administrative costs and facilitates viable airlines in the CARICOM region.

Some Honourable Senators made reference to the fact that there are possibly one or more airlines within the CARICOM region where the shareholders have deep pockets. We have to ensure that we address predatory pricing.

The Ministry of Tourism and International Transport is in the process of preparing legislation to deal with predatory pricing, because it is necessary to ensure that no destructive fare cutting which may create instability, which will result in the loss of jobs and which will be to the benefit possibly of only one airline or those airlines which have the pocket, is allowed to take place. The monopoly provision of airlines service in the eastern Caribbean is certainly not to the benefit of Barbados or any of the CARICOM countries.

Mention was made as well about the fact that maybe it is necessary for LIAT to stop flying. I think Senator Newton made some reference to that. I think it is important that we recognise that if LIAT was to stop flying tonight, it is estimated that it will take some four months before we are able to provide for the movement of persons throughout the region in the manner in which LIAT presently provides for that. If we do not have LIAT at this time, it will impact negatively on our tourism sector and on our economy. I say to you that we must act now to safeguard our future.

I give my support to this Bill and I am obliged to you, Sir.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, I wish to thank Honourable Senators for their contributions. I have taken careful note of the concerns expressed and I would simply like to assure Honourable Senators that we on this side agree with all the sentiments which have been expressed to the effect that it is necessary for LIAT to continue with its restructuring programme to reduce its cost and come as near as possible to breaking even if it does not succeed in becoming profitable. Of course, we would wish to see it becoming a profitable airline, but if it can at least break even we would just be as happy.

I want to respond to some of the concerns raised by Senator Collymore. He wanted to be sure that the interest portion which is being guaranteed relates to Barbados' share capital. That is correct, but the interest is being allocated on the basis of Government shares in the company.

As far as the query which was raised about the landing fees and so on, what has happened over time, as recently as this year, is that LIAT's indebtedness has been

turned into preference shares with an interest rate of 2.5 per cent, so we have been taking steps to deal with the issue of outstanding fees.

5.35 p.m.

Wednesday, July 02, 2003

SENATOR the Hon. E. R. GRIFFITH: Mr. President, Barbados is a staunch supporter of regional integration and Government has recognised the importance of LIAT to the region. Our Prime Minister currently has the responsibility for ensuring the successful implementation of the CARICOM Single Market and Economy. We firmly believe that a strong CARICOM region would be beneficial to the entire region.

We are all aware of what is taking place across the world in view of liberalisation and globalisation and that even strong nations are finding it necessary to become involved in more and more regional arrangements and, therefore, we in the CARICOM countries will have to try to do everything possible to bring our countries closer together and deeper into any economic relationship and, therefore, air transport is going to be a significant player in that setting.

We do not have a very strong maritime transport sector and, therefore, we have to make sure that at least we have a good air transport sector which is critical for our future development.

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

On the motion of SENATOR the Hon. E. R. GRIFFITH, the Senate resolved itself into Committee on the Bill, Her Honour SENATOR DAME PATRICIA SYMONDS in the Chair.

COMMITTEE

Madame DEPUTY PRESIDENT: The Senate is in Committee.

Clauses 1 - 6, inclusive, were called and passed.

The Schedule was called and passed.

On the motion of SENATOR the Hon. E. R. GRIFFITH, Madame DEPUTY PRESIDENT reported to His Honour the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motion of SENATOR the Hon. E. R. GRIFFITH the Bill was read a third time and passed and

cited as the LIAT (1974) Limited (Guarantee of Interest) Act, 2003.

ADJOURNMENT

SENATOR the Hon. E. R. GRIFFITH: Mr. President, we have concluded our Business for today and it is now left to me to thank all Honourable Senators for their contributions. I have enjoyed today's debate and I look forward to working with you. I now beg to move that this Senate be adjourned sine die.

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

5.44 p.m.

CONTENTS

ANNOUNCEMENTS BY HIS HONOUR THE
PRESIDENT

PRESENTATION OF PAPERS

SENATOR the Hon. E.R. GRIFFITH.....1

1. The Barbados Labour Party Agenda (2003-2008)
Every Bajan a Winner.
2. The Insurance (Catastrophe Insurance Reserve Fund)
(Amendment) Regulations, 2003.
3. Duties, Taxes and Other Payments (Exemption)
(Coronation of Golf Club Limited) Order, 2003.
4. The Annual Report of the Central Bank of Barbados
for the year 2002.

REPORT OF COMMITTEE OF SELECTION

1. STANDING ORDERS COMMITTEE
2. HOUSE COMMITTEE
3. COMMITTEE OF PRIVILEGES
4. REGULATIONS COMMITTEE
5. LIBRARY COMMITTEE

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

SUSPENSION OF STANDING ORDERS

SENATOR the Hon. E.R. GRIFFITH.....2

FIRST READING OF BILLS

SENATOR the Hon. E.R. GRIFFITH.....2

1. The Public Accounts Committee Bill, 2003
2. LIAT (1974) Limited (Guarantee of Interest) Bill,
2003.

PUBLIC BUSINESS

**ORDER NO. 1 – THE PUBLIC ACCOUNTS
COMMITTEE BILL, 2003.....2**
 Senator the Hon. E.R. Griffith, 2, 3, 5; Senator F.J. Stuart,
 5, 6, 7, 8, 9; Senator Sir John Stanley Goddard, 9, 10; Her
 Honour Senator Dame Patricia Symmonds, 11; Senator
 the Hon. Mrs. V.E. Newton, 12; Senator the Very Rev. H.
 E. Crichlow.

RESUMPTION

ORDER NO. 1 (resumed)

Senator the Hon. E.R. Griffith, 13, 24; Senator the Very
 Rev. H. E. Crichlow, 13, 14, 25; Senator I. St.C. Linton,
 15; Senator G. P. B. Nicholls, 16, 17, 18; Senator Dr. F.L.
 Chandler, 19; Senator R.W. Grant, 19, 20; Senator T. E.
 Barker, 20, 21, 22; Senator the Hon. J.E.D. Williams, 23,
 24; Senator the Very Rev. H.E.crichlow, 24.

**ORDER NO. 2 – LIAT (1974) LIMITED (GUARANTEE
OF INTEREST) BILL, 2003.....26**

Senator the Hon. E.R. Griffith, 26, 27, 28, 37; Senator
 F.J. Stuart, 28, 29; Senator B.R. Collymore, 29, 30; Her
 Honour Senator Dame Patricia Symmonds, 31; Senator
 the Hon. Mrs. V.E. Newton, 32; Senator I.G.P. Gooding-
 Edghill, 33; Senator G.P.I. Gooding-Edghill, 33; Senator
 R.W. Grant, 35, 36; Madame Deputy President, 37.

SUSPENSION.....13**ADJOURNMENT.....38**

Senator the Hon. E.R. Griffith, 38.

SPEAKERS IN THIS ISSUE

BARKER, Senator T. E.
CHANDLER, Senator Dr. F.L.
COLLYMORE, Senator B.R.
CRICHLLOW, Senator the Very Rev. H. E.
GODDARD, Senator Sir John Stanley
GOODING-EDGHILL, Senator G.P.I.
GOODING-EDGHILL, Senator I.G.P.
GRANT, Senator R.W.
GRIFFITH, Senator the Hon. E.R.
H.E.CRICHLLOW, Senator the Very Rev.
LINTON, Senator I. St.C.
NEWTON, Senator the Hon. Mrs. V.E.
NICHOLLS, Senator G. P. B.
PRESIDENT, Madame DEPUTY
STUART, Senator F.J.
SYMMONDS, HER HONOUR SENATOR Dame
Patricia
WILLIAMS, Senator the Hon. J.E.D.

DISCLAIMER. This transcript was prepared with the assistance of artificial intelligence tools and is provided for reference only. It has not been reviewed, verified or approved by the Hansard Department of the Parliament of Barbados and does not constitute an official parliamentary record. It may contain errors or omissions, including inaccuracies in wording or speaker identification. For authoritative quotations or confirmation of proceedings, consult the official Hansard record when available.

EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. Masthead. The session is not stated in the source, so no session line is printed.

Q2. Order No. 1, second reading. The Leader of Government Business moves the second reading after the luncheon resumption, although the debate had already been under way before the suspension and continues afterwards. Printed as in the source.

Q3. Order No. 2, second reading. The Minister closes ‘I beg to move that the Bill be read a second time’, but no question on the second reading is recorded before the Senate went into Committee. Printed as in the source.

Q4. Motions; Order No. 1, reply. Two speeches by the Leader of Government Business are labelled ‘Senator the Hon. E.G. GRIFFITH’; elsewhere he is ‘E.R. GRIFFITH’. Printed as in the source.

Q5. First Reading of Bills. Senator Griffith begins ‘Mr. Speaker, I beg to move that the following Bills be read a first time’. Printed as in the source.

Q6. Order No. 2, Senator Gooding-Edghill; Report of Committee of Selection; Division. The Senator’s initials are given as ‘I.G.P.’ in his first speech label and in the Regulations Committee list, and ‘G.P.I.’ elsewhere; the division list has ‘GOODING/EDGHILL’. Printed as in the source.

Q7. Order No. 2, Senators Newton and Griffith. The Bill’s title is typed ‘LIAT (1974) Limited’, with the letter ‘I’ for the figure 1, and Senator Griffith’s opening speech has ‘\$100 million’. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, 2nd July, 2003 at 11.15 a.m., with Mr. President, Senator Sir Fred Gollop, in the Chair; prayers were led by Rev. Father Errington Massiah. The President announced an apology for the absence of Senator A. C. Fields. The Leader of Government Business, Senator the Hon. E. R. Griffith, laid four documents: the Barbados Labour Party Agenda (2003-2008) Every Bajan a Winner, the Insurance (Catastrophe Insurance Reserve Fund)

(Amendment) Regulations, 2003, an exemption order for the Coronation of Golf Club Limited and the Annual Report of the Central Bank of Barbados for 2002. The President read the Report of the Committee of Selection. Standing Order 45(2) was suspended and the Public Accounts Committee Bill, 2003 and the LIAT (1974) Limited (Guarantee of Interest) Bill, 2003 were read a first time.

Senator Griffith moved the second reading of the Public Accounts Committee Bill, 2003, describing Barbados’ tradition of good governance and saying the Bill made clear that the Auditor-General could examine the accounts of certain entities. Senator F. J. Stuart argued that Members of the Government were being called upon to be their own watchdogs, criticised clause 5, under which the Committee must meet once every 6 months, and said the Opposition still could not secure a quorum to carry out its work. Senator Sir John Stanley Goddard, Senator Dame Patricia Symmonds and Senator the Hon. Mrs. V. E. Newton supported the Bill.

After the luncheon suspension Senator the Very Rev. H. E. Crichlow, Senators I. St. C. Linton, G. P. B. Nicholls, Dr. F. L. Chandler and R. W. Grant spoke; Senator Chandler questioned whether the Bill would achieve its aims without technical expertise. Senator T. E. Barker, who was cautioned by the President against references to the Other Place, said that with four Opposition members, two Independent Senators and a quorum of five, the Government could not frustrate the Committee. Senator the Hon. J. E. D. Williams also spoke and Senator Griffith replied. On a division the second reading was carried by 15 votes to 1, Senator Stuart voting No. In Committee, Madam Deputy President in the Chair, Senator Crichlow queried the definition of ‘House’ in clause 2 and Senator Stuart the drafting of clause 20, and the Bill was passed as the Public Accounts Committee Act, 2003.

On the LIAT (1974) Limited (Guarantee of Interest) Bill, 2003, Senator Griffith said LIAT had restructured to reduce its costs by 20 per cent and was working on an initiative with BWIA; the Government of Barbados was guaranteeing the interest payments on an existing bond issue. Senator Stuart said the Opposition supported the Bill. Senator B. R. Collymore and Senator Mrs. Newton expressed misgivings, Mrs. Newton noting that LIAT had said in March that it needed about US \$100 million and asking whether the World Bank report should be awaited. Senators Dame Patricia Symmonds, G. P. I. Gooding-Edghill and Grant also spoke, and Senator Griffith replied.

The Bill passed through Committee, Her Honour Senator Dame Patricia Symmonds in the Chair, and was

read a third time and cited as the LIAT (1974) Limited (Guarantee of Interest) Act, 2003. On the motion of Senator Griffith the Senate was adjourned sine die.