
THE SENATE DEBATES

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

THE SENATE

Wednesday, March 14, 2007

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, March 14, 2007, at 11.10 a.m.

PRESENT

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

Her Honour Senator Dame Patricia SYMMONDS,
D.B.E., G.C.M. BA (Hons) (PG CE), J.P., (Deputy
President)

Senator the Hon. E. R. GRIFFITH, G.C.M., J.P.
B.A. (Econ. & Hist), Dip. Pub. Admin., M.Sc. (Financial
Studies)

(Minister of Agriculture and Rural Development)
(Leader of the Senate)

Senator the Hon. Miss L. V. EASTMOND, LL.B.
(Hons.), LL.M. (Minister of Commerce, Consumer Affairs
and Business Development)

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

Senator R. W. GRANT, B.A. (Econ.) G.Dip M.A.,
JP.

(Parliamentary Secretary, Ministry of Tourism and
International Transport)

Senator I. St.C. LINTON

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

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

Senator G. P. I. GOODING-EDGHILL:

Senator G. P. B. NICHOLLS, B.Sc., (Hons.), LL.B.
(Hons.)

Senator F. J. STUART, B.A., LL.M.

Senator Dr. D. S. LOWE, Dip. Theology, B.A.,
M.Ed, Ed.D.

Senator Sir JOHN STANLEY GODDARD, K.A.,
G.C.M., B.Com., F.C.A. (Hons.), LL.D. (Hons.) (U.W.I.)

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 the Very Reverend H. E. CRICHLAW,
G.C.M., B.A. (Hons.) (Dunelm)

Senator Sir Allan FIELDS, K.C.M.G.

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

Senator A.A. BYNOE

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 Sir Roy Trotman, who is out of the
island on trade union business.

PRESENTATION OF PAPERS

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

1. General Elections (Allocations of Broadcasting
Time) (Amendment) Regulations, 2007.
2. Representation of the People (Identification Cards
Replacement Fee) Regulations, 2007
3. Barbados Estimates of Revenue and Expenditure
2007-2008.
4. Schedules of Personal Emoluments 2007-2008.
5. Barbados Revised Estimates 2006-2007.
7. Barbados Revised Estimates 2006/2007.

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

SENATOR the Hon. E. R. GRIFFITH: I beg to move that

Standing Orders 22 (1) and 45(2) be suspended for the rest of this Sitting.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR the Hon. E. R. GRIFFITH: Mr. President, I beg to give notice of the following Bills:

1. Financial Management and Audit Bill, 2007.
2. Constitution (Amendment) Bill.

SENATOR HON. E.R. GRIFFITH: Mr. President, I beg to the following Bills be read a first time.

I beg to give notice of the following Resolutions

1. Resolution to rescind the Resolution passed by the House of Assembly on June 27, 2006, and in the Senate on June 28, 2006, approving the guarantee by the Government of loan for \$38 million in the currency of Barbados, by the Barbados Investment and Development Corporation from RBTT Merchant Bank Limited.
2. Resolution to approve the Guarantee by the Minister responsible for Finance of the payment of the principal and interest in respect of a loan of \$19.0 million in the currency of the United States of American by the Barbados Investment and Development Corporation from RBTT Merchant Bank Ltd., for the purpose of upgrading the quality fo the Corporation's buildings and the retirement of debt.

10.10 p.m.

Sequence 1

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Senate 65, sequence 02, 10.10 a.m.

3. Resolution to rescind the Resolution passed by the House of Assembly on the 11th Day of August, 2006 and in the Senate on the 16th Day of August 2006 approving the Guarantee by the Government of a loan of \$22 000 000 by the

Transport Board from RBTT Merchant Bank Ltd.

4. Resolution to approve the Guarantee by the Goernment of the Principal and Interest necessary for the Redemption of Bond Issue by the Transport Board from RBTT Merchant Bank Ltd. Of the sum of \$11 million in the currency of the United States of America for the purpose of purchasing 70 new buses.

PUBLIC BUSINESS

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

ORDER NO. 6 – THE FINANCIAL MANAGEMENT – AND
AUDIT BILL, 2007

Senator the Hon. E.R. GRIFFITH: Mr. President, the Financial Management and Audit Bill is seeking to replace the existing Financial Administration and Audit Act, and at the same time to take into account a number of changes that are proposed to the accounting system which the Government uses. All of you know that the present system that is used is a cash based system, and that it acknowledges the transactions that take place within the particular fiscal year.

The system that is being proposed now is on the accrual basis, which takes account of the transactions as they occur, and also takes account of the payables and receivables at the end of the year, in its presentation. Now, I do not want anyone to feel that by the introduction of this Financial Management and Audit Bill to replace the existing Financial Administration and Audit Act, that we are creating history in the sense that it was reported in the newspaper this morning.

I was startled when I saw a big statement in the newspaper that, for the first time in the history of Barbados, the Government is now being required by the Constitution to present an annual budget. I was startled because my knowledge is that the Government was always required to present an annual budget.

Section 108 of the Constitution states clearly that every year, it is the responsibility of the Ministry of Finance to cause Estimates of Revenue and Expenditure to be prepared and to be presented to Parliament. Therefore, it is not correct that this is history being created, because the Government was always required to do that, but it demonstrates the amount of confusion that we have in our midst. Sir, while that statement is being made in the newspaper, I was bombarded by a statement on the airwaves all morning, that today is Budget day. Then, the announcer proceeded to say that the Minister of Finance,

the Prime Minister is going to be presenting his Financial Statement and Economic Policies.

Sir, this shows the level of confusion that we have to deal with, and I just wanted to clear up that for the members of the public, who may not always be so familiar with these things, that the Government was always required by section 108 of the Constitution to present an annual budget.

Sir, what is happening now, is that there are changes which are going to be taking place in the accounting system that will now require the presentation of the accompanying documents to the Budget. I want to stress that for the simple reason, which I will explain in a minute.

The presentation on the accompanying documents will be different in some ways from the previous presentation. It is not correct, in my view, to think that the information did not exist before. The information on a lot of these matters always existed but there was no requirement to present them in a manner, which made it easy for people to understand them. If you knew how to do the analysis, you were able to develop the appropriate tables to give you the information. This is what people like me, had to do over the years, because it would be unthinkable to feel that you can manage a country without having detailed information, which would assist you in developing the appropriate policies and tools to manage the affairs of the country.

In fact, you would probably be able to see, if you go on the website of the IMF, what the Officers of the IMF do, when they go to Member Countries. In the two or three weeks that they spent in the member countries, during the time of the Article IV Consultations, they developed a number of tables so as to get a proper understanding of how the economic affairs and financial affairs of the countries were being conducted.

In those Tables, they present the accounting data in a different way, through a number of economic classifications. In fact, that was the basis on which the Government's financial statistics were developed, and submitted to the IMF by all the member countries, so that when that document is put out, you could look to see what is happening in various countries. Then, you determine how Country A is performing in relation to Country B, because all the information is classified on the same basis.

Sir, I always recall that in one of the Tables developed by the Fund, which we had to develop when I was elsewhere, was a table which took into account, not only central Government operations, but what is called, General Government, where you had to take into account the operations of the National Insurance Fund, the operations of all the Statutory Bodies, which took account

of their assets and liabilities, their revenue and expenditures, however you want to describe the information. Then, you had a total picture of what was happening in the country, so that was always there.

Sir, what is now going to be required is that the accountants in the respective agencies will have now to keep the information on a particular basis and present it in that fashion, which will make it easier for the Accountant-General to collate it. Sir, in her presentation, for the benefit of the House, this Chamber and the public in general, there will be certain tables that will now be presented to show that total picture. Therefore, this would make the operation of the Government more transparent and, hopefully, it would force those persons in the reporting agencies to keep the information on that basis. I also hope that they would go beyond keeping it on that basis, simply because they have to keep it.

Sir, I say that because I remember the days when persons had to learn the Tables, as we used to call them. You had to be able to look at 13 x 8 and determine what is that result, then came the days of the calculator, when all you have to know is what numbers you had to put in, and you get the result. I am no longer sure that a lot of people know their Tables, in the same way we used to know them.

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SENATOR the Hon. E. R. GRIFFITH: Mr. President, the computer has now come along and once you put in the appropriate piece of software, as in this situation here, your transactions would be classified appropriately, and you may not even know the basis of the classification.

Mr. President, I fear that some people who do not like to exert themselves unduly may use that as a shortcut to produce the information, but may not spend enough time to understand the basis of it, so that if a question is asked they could explain the rationale.

Mr. President, I hope and trust that situation would not occur and that persons would be able to explain the rationale behind it, in addition to keeping the information on the accrual basis.

Mr. President, I said that because even now under the existing system every Government agency is expected to have what we call an inventory, so that when the Auditor-General visits that establishment and he calls for the inventory, he is expected to see an updated inventory, which sets out all of the equipment and other things that the agency owns. Mr. President, from my experience, I could tell you that there are many instances where that is not done.

Mr. President, now that you are going to be required to have a register of your assets and so on, I hope it would be done, and that those responsible for managing the agency would do now what some of them failed to do in the past. Sir, if the managers were paying interest in the assets and other things which the agency owns, they would have been requiring their members of staff to keep the inventories up to date.

Mr. President, in my view, it is also important that when this system is put in place that those persons who now find it difficult to collect the revenue or to pay their bills on time would do so because otherwise all that is going to happen is that we would have a statement showing a large amount of receivables and a large amount of payables. In other words, the system by itself is not going to work miracles, the persons who have to use the system are still expected to play their part. Mr. President, I trust that those who are not now playing their part would play it, otherwise, as I said, all we would have is a statement with a large amount of receivables and payables.

Mr. President, that is not what we are aiming for. We are hoping that persons would now be forced to be more accountable for what is happening in their organisations and that they would acknowledge and accept that it is part of their responsibility to ensure that the receivables are kept to a minimum, that is, that they collect the money and that the payables are eliminated if possible, and kept to a minimum.

Mr. President, the Bill, which is before us, is seeking to repeal the existing Financial Administration and Audit Act and in so doing it has now made some changes to what was in the Act. It has retained quite a bit of what was there, so everything is not being thrown out, as it were, but the changes which are considered necessary for the successful use of the accrual system are being made.

In the definition section there are some new definitions in addition to some that have been retained, for example, you now have an explanation of budget. Sir, with all due respect to the lawyers, I suspect that they have decided to err here on the side of being very inclusive rather than being too narrow, and I would tell you why.

Mr. President, if you look at the explanations here for budget, you would see that it says, that budget includes annual Estimates of Revenue and Expenditure. Mr. President, I always thought that the budget was the Annual Estimates of Expenditure and Revenue. Mr. President, except my teaching has now become obsolete, my teaching has always been that a budget is a statement of estimated revenue and expenditure. In other words, you are talking about what the organisation is expected to collect for the year and what it is expected to spend. Any other thing, in my view, is supporting or explanatory documents, which

should come along with that, but in my view, as a non-lawyer, should not form part of the budget.

The definition given now is that the budget includes the annual Estimates of Revenue and Expenditure, projected balance sheet, projected cash flow and any other statements that may be required and any notes to these statements.

Mr. President, as I said, the lawyers have decided to err on the side of being very inclusive, they covered everything, so that there cannot be any doubt now in anybody's mind to what the budget is. I hope though that in the future nobody would interpret this to mean, since its say that the budget includes the Estimates of Revenue and Expenditure, that they should take out the Estimates of Revenue and Expenditure and present the other things and think that the budget is presented.

Mr. President, I just thought I should mention that to show you the extent to which the legislation is seeking to go to make sure that people understand that these things must be done and therefore form part of presentation.

Mr. President, in the present system, there is a column in the Vote Book, which deals with commitments. Mr. President, in a department, you would have the particular vote and when you make your payments, you would charge the expenses to that particular vote, but when you place the order, you have not yet paid for it because you have not received the goods, so you would make an entry in the commitment column to show that you have committed funds of X amount for what purpose. Mr. President, that is how the word commitment is used at the present moment in relation to the Vote Book.

Mr. President, here we are talking about the commitments, which mean future expenses and liabilities incurred at the balance date, so you have an explanation here for that.

Mr. President, there are some other new things. There is reference to the public sector accounting standards and to the International Federation of Accountants and other things.

Mr. President, Part III of the present Financial Administration and Audit Act, Cap. 5, which now deals with administration, seeks to rearrange the business of the Government, as it were. Mr. President, in addition to retaining some of what is now there, some new subsections have been added. Mr. President, in the new piece of legislation before us in Section 5 (2) (a) it talks about budgeting, it indicates what is expected to be done. There is also a new section dealing with banking and investment, so that it makes mention of the Treasury Account.

Those of us who are familiar with how things happen now know about the Treasury Account, but now it is being embodied in the legislation and being made clear because there is a difference between the Consolidated Fund and the Treasury Account.

Mr. President, many people do not know that and when they speak, they probably say the right things but in the wrong way, but it now explains what is the Treasury Account. There is a section also which deals with investment, so that it seeks to make sure that people understand how they have to deal with that subject.

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Senator the Hon. E. R. GRIFFITH: Mr. President, the section which now exists in the Act, deals with accounting, but there are a number of additions there. In section 22(1) for example, which sets out the documents that have to be prepared, there are some new ones because there already exists a list of documents, which have to be prepared and which are prepared by the Accountant-General and presented in the Annual Report of the Accountant-General's Office.

There are a few new ones, there is now going to be a statement on accounting policies, for example, a statement of financial performance, which is relatively new, since that amendment was made to the Financial Administration and Audit Act, which gives the Auditor-General the authority to conduct audits, to determine the performance and to determine whether the Government has obtained value for money, so there is now going to be the requirement for the respective departments and in the case of the Accountant-General, to produce a statement of financial performance. There were always requirements for statements on borrowing and other things related to the public debt.

Mr. President, what is happening is that with this new system, there is going to be more information provided in the reports coming out of the Accountant-General's Office, the departments having compiled the information and submitting it to the Accountant-General's Office. There is going to be, hopefully, greater emphasis on the management of public finances.

Sir, I put it that way because I do not want any one to misunderstand what happens now. I do not want anyone to think that there is not any emphasis on the management. This is a day and age in which the meaning of words change rapidly and the use of the language also change rapidly. I will have to call on Senator the Hon. Dame

Patricia in this respect. I listen almost daily to stations, not only in Barbados but in London as well, and I hear people talking about the "two firsts" and "two bests". I was always told that if you are comparing items or performances, there could only be one first or one best but I hear people now talking about "two firsts", where it was once the first two. But language changes every day so now somebody has apparently taken the view that when referring to administration that management is not included in that word. Sir, to make sure there is no doubt in anybody's mind, we use the word management. Sir, hopefully, nobody would come and say that does not include administration.

Mr. President, the point is that what is before us now is a system, which is trying to focus people's attention on the need to manage the resources that are put under their control, so that the Government and country could get the maximum benefit out of it. Furthermore, there would now be a system which holds everyone accountable for what he or she would have done with those resources, and that the outcome of those transactions will be presented to the public and to Parliament in such a manner, that it is easy now for persons to see what has been taking place. Sir, basically that is the objective behind the new system and if it is followed faithfully, I believe we would witness significant improvements in the management of the finances of the country.

Mr. President, there are also some other changes which would flow from the amendments here being proposed, one of them has to do with the proposal to change two words in the Constitution, which deals with "paid in" and "paid out". Therefore, instead of using "paid", the word "charge" is being used.

Mr. President, those words now exist in the Financial Administration and Audit Act and when they were put in that Act, the corresponding changes were not made in the appropriate sections of the Constitution, that is why it is now being changed, so that there is consistency in the terms being used in the two pieces of legislation, as it were, in both the new Act and in the Constitution.

There is also a change to the section of the Constitution, which will make it abundantly clear. I say abundantly clear because I believe that in a sense the authority already exists, but it is being made abundantly clear that the Auditor-General, on his own initiative, can conduct audits and he does not have to wait until he is asked by Parliament or by the Minister of Finance.

Mr. President, there is also a change in the new legislation, which will allow the Auditor-General, if he believes that the resources which have been provided to his office are insufficient for him to carry out his duties, to appeal to Parliament through the Public Accounts Committee and ask for more resources. That is being done

as an effort to make it clear to everyone that the Auditor-General has a degree of independence and does not have to rely on the Minister of Finance or anyone else, to provide him with the resources to do his job.

Mr. President, transparency, which is now the buzzword, as if it were not important before, but like fashion, which changes and the old comes back as new and sometimes we are made to believe it is a new invention except we get in touch with people who are older than we are, who can tell us that fashion was already in. But the point is that transparency has now become the buzzword and therefore Government is now making this whole process more transparent, so that every one could see that there is no mystery about it or that there is nothing to hide.

Mr. President, I am not going to be presumptuous to

go to the point I heard others going, to say that if we had an accrual system in place 20 years ago, that it would have exonerated certain actions. I am not sure there is any truth in that because regardless of whatever system we have in place, people have to be responsible and have to carry out their duties diligently and faithfully.

Mr. President, I do hope that when this new system comes into being and all the agencies are required to keep their accounts on this particular basis, that they would do so faithfully, not from the point of view of somebody stealing money and the like, but from the point of view of making sure that the information that is provided is accurate and correct and that it is not just a question of putting down numbers. For example, in relation to depreciation of assets, it is expected that persons would follow the rule that has been established and that persons would not determine how to depreciate those assets, and in getting valuations, these would be done on a scientific basis.

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(EDITED 04/05/09)

SENATOR THE HON. E.R. GRIFFITH: Sir in other words, I do not believe that if people just put down information that in the long-run, we are going to reap the benefits, which we expect to reach. Sir, that is what I mean by saying that I hope that people would follow the new system and apply it faithfully in terms of taking the time that is necessary to do the research required so as to make sure that the numbers they present are correct.

Mr. President, I trust also that those responsible for the management of the affairs of the respective agencies would manage and that they would make use of the

information in their own organisation and not simply prepare and submit it to the Auditor-General because when the Auditor-General gets it and uses it to present the annual statement, a year has already gone. Therefore, I trust that those people in the departments, who are responsible for managing departments, would manage the affairs properly from day to day, making use of the information that would now be at their finger tips, as it were, because all their transactions are expected to be presented in that manner.

Mr. President, I believe that this new system would allow the Government and the agencies responsible to achieve their objectives as long as the persons employed to do the work follow the system faithfully. Sir, if the collection of revenue suffers from the same slackness that I know of, which obtains now, there would still have a problem with a large amount of arrears. If people do not pay their bills on time, we are still going to have a problem with a large amount of payables and that is not what we really want.

Mr. President, what the system will show clearly for everyone to see is that there are payables of X amount and that they are receivables. Sir, now you do not see it that easily because although the information is there, it is not presented in that manner. All agencies are now expected to put in quarterly reports to the Auditor-General and the Accountant-General on the status of their arrears of revenues, revenues outstanding and so on. Sir, some put in and some do not and the Auditor-General is always writing in his Report that department A did not submit and that department B did not submit and so on. Sir, there is provision now for those things to be done. What will happen in future is that it would be abundantly clear to everyone who sees these accounts in the new format that these things are happening. Therefore, I trust that the persons responsible will ensure that we do not reach that stage.

Mr. President, this new system is not going to take the place of a department, which collects revenue conducting the appropriate audit. Sir, people still have to go out and collect the appropriate audit and I trust that none of them would fail to do the audit in order not to show large amounts of money outstanding because that is also a way of not showing large amounts outstanding.

Mr. President, having worked in the system, I know what is possible and what can happen. Therefore, I am sounding a warning to those responsible for the overall management to ensure that in the case of revenue collecting agencies, that there is a proper audit system that functions that you do not get fooled to the point where you feel that the receivables are small because it would be true on the basis of what is reported. Sir, the system will not tell you what is not reported. Therefore, I go back to my call for

people to use the system faithfully and to make sure that the results which could be obtained, are obtained.

Mr. President, I know the Government is proposing some additional changes because we have to keep changing in order to stay up to date. If you look at the Estimates of Expenditure and Revenue, which have just been laid, and then take a look at Estimates of Expenditure and Revenue of the document, which was presented with those same categories in 1973, you would notice a vast difference between them. This is because significant changes have been made over the years in the management and the type of information which has to be provided.

Sir, we are now changing the accounting system from the cash basis to the accrual basis and now making that step as a means of improving the management of the public finances coming soon after other changes were made. They were changes that were made to the functioning of the major revenue departments.

I recall the days when everybody used to be quarrelling about the long lines of persons waiting to pay land tax and the fact that there was no identification on the bill about any arrears and, therefore, when the Commission talked about selling the property and there was a big issue, that has changed and now I do not hear anybody talking about lining up to pay land tax nor do I hear anybody complaining or saying that the bill do not show any arrears. Sir, I am not sure that the arrears have fallen even though they are shown on the bill. Sir, it is the same thing with the Inland Revenue Department and the Customs Department.

Mr. President, all those things have resulted from changes and improvements in the departments and these things will have to continue. There was the introduction not so long ago to what is called the SmartStream System as a means of managing the expenditure of the various departments, getting greater control over it and, as I said, there are other changes to come and there will always be changes to come. Sir, that is how life is and we have to change and keep abreast of what is happening around the world.

Mr. President, the number of Governments across the world are moving in this direction, moving from the cash basis to the accrual basis and the international agencies are compiling their Governments' financial statistics on that basis as well, so that it is easy to make a comparison from country to country.

Mr. President, these are changes which, in my view, are necessary to keep abreast of the times. There are changes that can result in improvement to the management of the finances of the country and I believe all should embrace them.

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

MR. PRESIDENT: Senator Stuart.

SENATOR F.J. STUART: Mr. President, the Opposition is pleased to support this piece of legislation and is pleased because it was some time in the year 1995, while sitting in the Other Place that I heard the Member of Parliament for the constituency of St. Lucy, in a contribution, called on the Government to change the system of accounting from the cash-based system to the accrual system and everybody laughed. He has persisted over the years in making this call and he is pleased, the Democratic Labour Party is pleased that this is an idea whose time has come. Therefore, there is no basis on which the Opposition can reasonably oppose the legislation before this Chamber.

Mr. President, the existing legislation is the Financial Administration and Audit Act and the new legislation is to be called the Financial Management and Audit Act

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SENATOR F.J. STUART: I do not know why it was necessary, quite frankly, to bring a new Bill on this matter. When I have studied the Financial Administration and Audit Act, and when I have read this Bill, which have I read about three times, at the last count there were thirty-two sections, of the thirty-nine sections in the Financial Administration and Audit Act, which have been lifted up lock, stock and barrel; hook, line and sinker, and placed in this new piece of legislation. It would seem to be that if you are going to be reusing word for word, thirty-two out of the thirty-nine sections in the existing legislation, then all that was really called for was an amendment to the existing legislation, which would have dealt with the issues with which the Government is purporting to deal.

Mr. President, I want to disabuse the public of any notion that anything grand is happening here today. We are moving from one system to another, but there are really no fundamental departures from the provisions of the Financial Administration and Audit Act since thirty-

two, according to my arithmetic, of the thirty-nine sections of that Act, are being reused. Therefore, it speaks to the virtue and utility of the existing legislation, which was passed in 1964, and which has served Barbados well for the last forty-three years.

Sir, when one reflects on the change proposed, however, one has to remind oneself, I think, that no matter what changes one introduces, the efficacy and the value of these changes will ultimately depend on the willingness of those persons who have to work with the changes, to work them efficiently, and this requires a commitment to excellence, and it also requires a commitment to discipline and hard work.

Sir, I agree entirely with the Leader of Government Business, the Honourable Minister of Agriculture, that there is going to be a need on the part of those persons heading departments, and those persons responsible for making this change effective, to keep their shoulders to the task, and to ensure that the deadlines contemplated by the legislation are met, and that the standards proposed are reached.

Sir, so far as the role of Auditor-General is concerned - the legislation does deal with the enlargement of the powers of the Auditor General - I think that this could only mean that the management of our financial affairs will be done with a little more transparency. This is a word that I do not like using, because it has been flogged to death in Barbados over the last few years, but to the extent that this is a desirable ideal, and it is, and the other flogged to death word, accountability. To the extent that these two ideals are desirable in Barbados, I think that giving the Auditor General a freer hand, would make a world of difference of how our affairs are managed here in Barbados.

Mr. President, one area of concern for me, is this. As I said, I read this Bill about three times, and I have had occasion in this Chamber before, to raise questions about the quality of the legislation that eventually reaches this Chamber. It is true, it is a reviewing Chamber, but it is certainly not a landfill, and one expects that before legislation gets here, that every precaution is taken, to ensure that it is carefully analysed, evaluated and purged of obvious errors, that if undetected, could make all of us look like fools.

Sir, may I draw this Chamber's attention to Clause 17 of this Bill? Sir, the marginal note deals with advances to other Governments or administrations. It has two subsections, subsection 1 and subsection 2. It was lifted from Section 38 the existing legislation, word for word. If you go to Clause 31 of this Bill, the same Clauses. The Attorney-General of Barbados, according to Section 72 of the Constitution is supposed to be the principal legal Adviser to the Government, and would have certified that this legislation was fit for introduction to Parliament. I am not convinced he read it. Sir, the Cabinet contains seven lawyers, clearly, they did not read it either. Sir, it gets to this Chamber, which must now receive this kind of error, as

though this Chamber were some kind of landfill, some kind of garbage heap.

Mr. President, Clauses 17 and 31 of the Bill say the same thing, and have reached this Chamber undetected by the Attorney-General, seven lawyers in the Cabinet, and, of course, by the Other Place.

If Your Honour goes to Clause 40 of the Bill, the marginal note says: "...authorisation to perform duties". Mr. President, subsection 1, which deals with the Auditor General, starts with the words, "The Auditor General" and ends with the words "House of Assembly".

Sir, if you have subsection 1, you would be looking for subsection 2. The next thing you see is a "C".

"Any loss or damage to the property of the Crown has not been duly reported".

Sir, it makes no sense. There is a full stop after "House of Assembly" in Clause 41, then you see after that a 'C', a subclause C, as though that has drifted from somewhere in the stratosphere.

If Your Honour goes to Clause 21 of the Bill, which deals with control of expenditure and revenue, this has been lifted word for word from Section 11 of the existing legislation.

11.00 a.m.

Sequence 6

Wednesday, March 14, 2007

Senate 65, sequence 07, 11.00 a.m.

Senator F.J. STUART: After subsection 2(b) it reads:

"...and a detailed statement of all amounts so remitted, shall be audited and submitted by the Auditor-General to the House of Assembly, in accordance with Section 28."

Sir, Section 28 in the original legislation is correct, but when you go to Clause 28 in this Bill, this deals with the Accountant-General's management of Trust Accounts. This has nothing to do with the Auditor-General laying anything before the country's Parliament. This legislation was certified as fit to come to Parliament, approved by the Cabinet, debated in the Other Place, and here is it before us today. Therefore, when Senator Griffith today appealed to Madam Deputy President on issues of English, I could understand what he was saying. It is a problem that afflicts

the Government as well. I can assure Senator Griffith of course that I share his concerns.

The English Language is under unsparing attack wherever you turn in Barbados. I nearly had an apoplectic attack one morning on my way to work and hearing a cricket commentator saying that one side had won the toss and inserted the Opposition. I had never thought that the word, "insert" could be used in that way. Of course, some months later, I heard it on BBC as well, so I said, well, here we go.

Sir, as Senator Griffith said, we are living in changing times and, clearly, we are the persons who have to adjust. The vectors of these changes are not going to do the adjusting, and I use the word, vectors, advisably. I should really hope that this kind of intellectual sloppiness could be removed from the management of our public affairs, and that when legislation reaches this Chamber, we can rely on what we see in it, and this is why it is so important that we read through what we are given, so that we do not condone or overlook errors, of course, that reflect on all of us, and the quality of service, which we render in this Chamber.

As I said, Mr. President, there is really no need for me to detain the Chamber. The correct parts of the legislation, and the spirit of what it intends to do, has the approval of the Opposition. Sir, so far as the Constitutional changes are concerned, I do not think that we have too much to worry about there.

Section 107 of the Constitution, which is being amended, states that there shall be in and for Barbados, a Consolidated Fund into which, subject to provisions of any law for the time being enforced in Barbados, shall be paid all revenues of Barbados. Sir, the amendment, wants Section 107 amended by deleting the word, "paid", appearing therein and substituting the words, "credited to", so if this is followed, Mr. President, hear how it would read:

"There shall be in and for Barbados a Consolidated Fund into which, subject to the provisions of any law for the time being enforced in Barbados, shall be credited to all revenues of Barbados".

I hope we can get these matters cleared up but, apart from those concerns, which really have nothing to do with the change from a cash based system of accounting, to an accrual system, this Bill and the amendments that derive from it, have the support of the Opposition.

I am obliged to you, Mr. President.

Mr. PRESIDENT: Senator Sir John Goddard.

Senator Sir JOHN S. GODDARD: Thank you very much.

The Bill before us, the Financial Management and Audit Act, replaces the previous Financial Administration and Audit Act, as was explained by the Leader of Government Business. I would like to commend him for explaining very clearly what these changes mean, and they are outlined in the Objects and Reasons of the Bill, as follows:

The transition from cash based accounting to accrual based accounting resulting in:

"(a)(i) significantly improved data on which to undertake economic planning and decision making;

(ii) the strengthening of budget development and management;

(iii) greater accountability and greater transparency;

Words that have been derided today but we have to live with them because they are words in popular use and, I may add, standardisation.

(iv) the fuller disclosure of Government's financial activities; and

(b) a greater degree of financial independence to the Office of the Auditor-General."

Mr. President, we have also heard the report on certain drafting deficiencies, by the Leader of the Opposition here in this Chamber and, I think, it is important.

Mr. President, when Bills come to us certified by the Accountant General and by the Cabinet, and approved by Hon. Members in the Other Place, we should have a certain assurance that these drafting deficiencies have been caught and corrected before they come here.

I would like to commend the Accountant-General, Miss Margaret Sivers, who on February 28 presented to Members of the Senate, a briefing document and a slide presentation, explaining the transition from cash to accrual accounting.

Sir, it is nothing new. It has been done in other countries, such as New Zealand, Canada, France, Australia, Finland, United Kingdom, Sweden and Ireland, but Barbados, in making this transition will become one of the first Governments in the Caribbean to do so, and I welcome the transition. It makes accounting statements more meaningful.

Sir, the objectives of this transition are:

To improve the efficiency and effectiveness of the financial system, in the public sector.

To improve fiscal control, asset management and public sector culture.

To improve accountability over the provision of Government's programmes.

To provide Government with fuller information for decision making.

To reform the system of appropriations, and

To bring greater transparency to the cost of Government in doing business.

Senate 65, sequence 07, 11:20:14

Wednesday, March 14, 2007

SENATOR Sir JOHN STANLEY GODDARD: I think all of this is explained very well in the definition of the accrual basis.

Mr. President, in the document as presented by the Accountant-General, it states that Accrual Accounting is defined as a basis of accounting under which transactions and other events are recognised when they occur and not only when cash or its equivalent is received or paid. Mr. President, that is the fundamental difference, and it is highlighted in this document here.

The document also states that the expected benefits of the accrual system would provide a full picture of Government's financial position. Mr. President, a cash basis cannot do that. The document also states that it would show how activities of Government were financed and how Government met its cash requirements. It provides useful information about the real level of Government liabilities, a cash basis cannot do that.

It further states that there would be improved management of Government's assets and liabilities, both long and short term, that accrual financial statements are familiar to a wider range of people and are more comprehensive in the presentation of information, and that generally accepted principles and standards form the basis of reporting transactions.

Mr. President, the accounting profession worldwide is itself going through a big transition in raising standards dealing with accountability, transparency and standardisation.

Mr. President, I would give you an example. I attended the Annual General Meeting of a locally traded public company last week. I used to be connected with that company. That Report is the longest and the heaviest I have ever seen. It consisted of some 75 pages, the first 45 pages were the customary, reports, photographs, and audited financial statements. The next 30 pages were footnotes appended to the financial statement, all meeting the requirements of newly drafted International Accounting Standards.

Mr. President, as a qualified accountant, I must confess that I think the profession internationally has gone a bit overboard, but that is a personal opinion.

Mr. President, in all of this exercise, training is going to be critical and crucial. Before, various departments within Government could get by with bookkeepers, that would not be so under this accrual system, they would need trained, and in many cases, qualified accountants. This would require the development of a public sector wide training strategy and action plan. Stakeholders would need to understand and identify with the changes to be implemented. Finance managers must be an integral part at all stages of the transaction process, including initial and continual training of persons within their ministry/department. They would need more trained and qualified people in the first instance to deal with the transition, which is not going to be easy and would not be done quickly. No transition or change in an accounting system is ever done quickly, so we must understand and expect hiccoughs.

Mr. President, looking at the longer term, there must be serious and relevant training to improve the body of accountants within the public sector. The private sector faces the same challenges. In days gone by, accounting was manual, then it changed to mechanical, today, we are dealing with electronics, and it is totally different. I cannot stress too much the importance of proper training for the accountants that would be working in all of the Government departments and ministries.

Mr. President, I turn now to the Auditor-General, to whom reference is made in this Bill before us. The Constitution states what the Auditor-General shall do. This Bill adds to that, the discretionary powers as to what the Auditor-General may also do, and I welcome that. The Auditor-General provides a very important service to this community, the importance of which I do not think is always fully recognised. We get Auditor-General reports year after year, and the question is, what do we do about them. I would come to that shortly.

Mr. President, Part IV of this Bill defines the role and the responsibilities of the Auditor-General and the discretionary powers it confers on him. He has to report to

Parliament, as he does now, and send the information to the Senate for their information.

Mr. President, I turn now to certain recommendations that were made in the Constitution Review Commission Report 1998, which Report is still collecting dust somewhere within Government's Archives. I am referring to the Recommendations:

13.24 the Auditor-General should be authorised and given the necessary resources to employ auditors from the private sector to provide audits within the purview of the Office of the Auditor-General.

This Bill deals with that.

13.25 Amendment of section 113 (2) to permit the Auditor-General to undertake comprehensive audits in order to provide an objective and constructive assessment of the extent to which financial, human and physical resources are managed with due regard to economy, efficiency and effectiveness. The audit should be an examination of both financial and management controls, including information systems and reporting.

I think this Bill, giving the Auditor-General more discretionary powers, takes that into account.

13.26 The Auditor-General should be empowered to carry out audits of the accounts, balance sheets and other financial statements of all enterprises owned or controlled by the State.

Again, that is part of the wider discretionary powers conferred on him.

Mr. President, I now would like to turn to the Public Accounts Committee, which was dealt with in this Report of the Constitution Review Commission. Under the same section on finance, we recommended at:

13.27 The Public Accounts Committee should be given greater constitutional importance by specifically providing for its establishment in the Constitution. Its membership should consist of not less than six nor more than ten members.

No action has been taken on that to date.

13.32 The Public Accounts Committee should be required to meet at such times as may be specified by law or by the Standing Orders of the House of Assembly and should report to Parliament at least once in every year and within six months of the presentation of the Auditor-General's Report to Parliament on the annual appropriation accounts.

Mr. President, in general, good financial management and reliable auditing in both the private sector and the public sector are based on:

(a) The application of appropriate accounting systems with regular and timely submissions of relevant financial statements and reports.

Senate 65 Sequence 8

11.20 a.m.

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Senator Sir JOHN STANLEY GODDARD: (b) Timely examination of accounting records and systems of internal accounting controls against fraud and waste, with prompt reporting of matters that require remedial action;

(c) Prompt investigation by the Public Accounts Committee of deficiencies reported by the Auditor-General, to Parliament with recommendations, if necessary, that suitable corrective actions be taken.

Mr. President, all of these can be achieved, if we are looking to improve Government financial management. By the observance and application of the Constitution Amendment Act, 2007, which we will be dealing with shortly, the Financial Management and Audit Act, which we are dealing with now, and the vigilance of a responsible Public Accounts Committee, that understands its responsibility to all taxpayers.

I hope we are dealing with more than just words today. I also hope that we are not just replacing one Act with another. The proper workings of the Financial Management and Audit Act, 2007, will always be seriously impaired, so long as the importance of an effective Public Account Committee is not publicly recognised, nor insisted upon by Parliament.

Mr. President, this is just some information, the most recent meeting of the Public Accounts Committee was on February 12th, 2007. The previous meeting to that was on March 11th, 2005. The next meeting is scheduled April 02nd, 2007. This is certainly a sign of progress. The recent restructuring of the Public Accounts Committee has not really improved its effectiveness, as has been indicated by those dates. For two years, there have been protracted discussions of procedural guidelines. That is not what the public wants nor that is not what Parliament should be insisting on. If there is one thing I would like to see coming out on this debate on this Bill, is not only improvement in financial management but greater importance given to the workings of the Public Account Committee, which consists of Members of both Houses of Parliament, where they can examine deficiencies in public finance, where they can call

people publicly before them and question their performances or lack thereof, and this would be done publicly. The Public Accounts Committee, of which I happen to be a Member, and both Houses of Parliament have a duty to the people of this country, to do no less.

Mr. President, I thank you.

Senator the Hon. V. E. NEWTON: Mr. President, I rise to give support to the Financial Management and Audit Act, which is before us, which is a replacement of the old Financial Administration and Audit Act. At the same time, I would like to say that the Constitution Amendment Bill, which is coming to us shortly and also deals with the powers of the Auditor-General has my support. Mr. President, I choose to do this because I noticed that Senator Stuart mentioned the two together and I think it is appropriate.

Mr. President, I will not deal with the accrual accounting section of the Bill because it is not a subject on which I have any expertise but I will be guided by Senator Sir John, who mentioned that it is necessary and that a considerable amount of training will be needed to make sure that it is effective.

Mr. President, my purpose in speaking is to deal with the section dealing with the powers and duties as given to the Auditor-General. Before dealing with Part 4, I need to say something about the position of the Auditor-General. The post is provided for at Sections 102 and 103 of the Constitution, which says that the Governor-General, acting on the recommendation of the Public Service Commission, after it has consulted with the Prime Minister, appoints an Auditor-General. Sir, he is therefore a public servant. The Auditor-General is given protection, which is similar to the Director of Public Prosecutions, in that he can only be removed from office for misconduct, inability to function and on the recommendations of a special tribunal.

Mr. President, these provisions are said to ensure his independence of the political directorate but I have grave doubts whether this is necessarily the case in a small society, and in a situation where the Auditor-General has no authority to appoint his own staff. There is always the possibility that he could be thwarted by not given enough staff or staff with the appropriate qualifications to assist him.

Mr. President, the new Bill may go to address what I perceive to be a problem in no small way, because it provides that if in any financial year the Auditor-General's Office finds that the funds allocated by Parliament are insufficient, through the Public Accounts Committee, it can go back to Parliament and get a Supplementary.

In some Commonwealth countries, the Auditor-General is not a public officer, indeed, he is an officer of Parliament. He has power to appoint his own staff and his office is well-provided for financially. As I stated just now, these provisions to me are more likely to empower the Auditor-General than the provisions currently in the Constitution. Of course, if he appoints his own staff, there would have to be procedures in place to prevent him from exercising his powers propitiously or autocratically. The Auditor-General's duties are also not set out in the Constitution but in the Financial Administration and Audit Act and now in the Act that seeks to replace it, which is before us, those duties are expanded and clarified. And I think it is a good thing.

When the Constitution Review Commission was meeting, there has been some debate as to whether the powers of the Auditor-General should be further spelt out in the Constitution or whether they should remain in the Financial Administration and Audit Act, and by implication in the Bill before us.

Mr. President, in my view, the Constitution was not the appropriate place because the Constitution provides for the framework of governance and in most cases, where duties are going to be spelt out in further details, they are done so in special legislation. This is just the course that we have followed and therefore I would have no problem with his duties being spelt out in the Financial Management Act.

Mr. President, what are those duties? They are to examine the public accounts and to find out whether those accounts are true and accurate, whether the accounting rules have been followed and all the expenditure properly accounted for. Sir, in the Bill before us the Auditor-General is required to submit his reports to the Speaker of the House of Assembly and also to the President of the Senate. It is debatable whether that was necessary because the reports would reach us anyhow but I guess it is still a safeguard. We have to congratulate the Auditor-General's Department because year after year, they faithfully produce their reports, which are presented to the House of Assembly and from now onward will be presented to the Senate as well.

11.30 a.m.

Wednesday, March 14, 2007

(EDITED 04/05/09)

SENATOR THE HON. V.E. NEWTON: Mr. President, in most Commonwealth countries, the Public Accounts Committee of Parliament, which is supposed to oversee the spending of public funds is responsible for examining the Auditor-General Reports and conducting investigations based on the recommendations and finding

of the Auditor-General. This has not been happening in Barbados and, in fact, it has not been happening in many Commonwealth Caribbean countries. Sir, the pattern is the same, from Guyana in the South to Bermuda in the north, the Public Accounts Committees do not meet very frequently. Sir, this is not say that you should become comfortable in bad company.

Mr. President, about two years ago, the Public Accounts Committee Provisions were revised and since then, if what Senator Goddard has told us is true- and he is a member of the Committee - it has had two meetings and nothing of any substance or anything at all has happened. What is the problem? Are we going to become bogged down in procedural matters and not get any further, I hope not, Sir?

Mr. President, many of the problems, which the public perceives to exist, for example, expenditure at the Queen Elizabeth Hospital and in the Minister of Housing and so on, should properly be investigated by the Public Accounts Committee, which has extensive powers to call witnesses et cetera and which was beef up in the legislation, which was debated in this Chamber some two years ago.

Mr. President, even if the Public Accounts Committee is not functioning as it should, the Director of Finance, as far as I am aware, has the power to surcharge accounting officers in the departments, which are not rectifying problems identified by the Auditor-General. I am not sure which legislation makes provision for this but I have checked the new Financial Management and Audit Act before us and I see no such provision.

Mr. President, I am not aware that the Director of Finance has exercised this power in recent memory so, where do we go from here, Sir. Mr. President, we have a Public Accounts Committee that is slow in getting to the job and we have a provision about surcharging, which has not been followed yet year after year, the Auditor-General draws our attention to irregularities, overspending, sloppiness and so on in his Reports. There are some offices, year after year, I could mention one, the Farm Labour Scheme in the office in Canada has been mentioned in the last four Reports for some reason or another. We also see Ministries making payments without proper documentation and so forth. Sir, some ministries respond to the findings of the Auditor-General and provide explanations for his findings, as they are required to do but many do not, at least as far as I am aware. Sir, what is there to make any department take the Auditor-General seriously?

Mr. President, we can have legislation until the cows come home but if it has no teeth, it is virtually a waste of time. Sir, we are now adding statutory corporations, some with a culture of doing their own thing, to the duties of the

Auditor-General. I have no quarrel with that because that has long been identified as one of the shortcomings in his area of responsibility. Again I ask, where are the teeth in the legislation? Is the deterrence supposed to be stigma attached to seeing an adverse report in the Auditor-General's Report? I do not know that it has actually worked.

Mr. President, I confess that I have no answers because the mechanisms we have already put in place, which are democratic and in theory good, are not working. I also know though, that we neither have the political will or the bravery to identify and make recommendations in relation to specific individuals, which would probably do the trick, since our systems are not yet robot-driven.

Mr. President, let me return to the recommendations of the Constitution Review Commission. I have already said that this legislation seeks to give effect to its recommendations. The first one is that its powers should be extended to cover statutory corporations and any other entities, which are funded by Government and that is provided for in the amendment to the Constitution. In the Bill before us, two other recommendations of the Constitution Review Commission have been given effect to. Sir, one is for the (11:35:49) The other is that he be given the necessary resources to employ auditors from the private sector to provide audits within the purview of the Office of the Auditor-General. Sir those are two recommendations from the Constitution Review Commission of 1998, that have been given effect to. The other is that he be given authority to select staff for his office, I have not seen it in the Bill. Sir, there are two others.

The first is that the Auditor-General be permitted to undertake comprehensive audits in order to provide an objective and a constructed assessment of the extent to which financial, human and physical resources are managed with due regard to economy, efficiency and effectiveness and that the audit should be an examination of both financial management controls including information systems and reporting. Mr. President, this is a wide-ranging provision, which if ever implemented, would make the Auditor-General's Office, a power and extremely useful organisation.

Mr. President, the final recommendation of the Constitution Review Commission was that early completion and enactment of an updated and modern Financial Administration and Audit Act, which would pay due regard to the independence necessary for the performance of the functions of the Auditor-General and permit him to play a greater role in the appointment, transfer and retention of the staff of his department and would strengthen his relationship with Parliament to enable

Parliament to be a real watchdog of the public purse, should be implemented.

Mr. President, that legislation that purports to strengthen the Auditor-General's powers is before us today but that is only a part of the last recommendation of the Constitution Review Commission to which I referred. The rest of the recommendation has been ignored. Sir, in other words, the Auditor-General still has not been given the power to hire his own staff. In this regard, in 1997, when the Constitution Review Commission was having its meetings, it came to light that the Auditor-General at the time was the only qualified auditor in his departments. I am sure the situation has changed since, at least, I hope it has but, in my view, this Bill does not go far enough in ensuring that he has the power, which was identified by the then Auditor-General, as a shortcoming in being able to say the quality and number of staff, which he should have so that he could get to do his job properly.

Mr. President, before I close, I would draw attention to some provisions of the Auditor General Act of New Brunswick in Canada, which I will make a document of the House. Sir, the Act makes the Auditor-General an officer of the Legislative Assembly. This is something which is the case in England and in some other Commonwealth countries, especially those which have been concerned that the Auditor-General as a public servant and outside of the parliamentary process, the office is not functioning as effectively as it could. This Act in New Brunswick is one of those in modern times, which has been seeking to redress that perceived shortcoming. It gives the Auditor-General the power to determine the manpower and training requirements and establish standards of competence and discipline in his office and to prescribe the financial or other penalties, including suspension and discharge that may be applied for incompetence,

S65/11:40

Sequence 10

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SENATOR the Hon. Mrs. V.E. NEWTON: It also provides specifically that the Civil Service Act and the Financial Administration Act of New Brunswick, with respect to personnel management, do not apply to persons employed in the Office of the Auditor-General.

Sir, in Barbados, to contemplate the Auditor General's Office being attached to Parliament would require a completely mind set on our part, and would require a host of administrative changes. Even though sometimes familiarity and proximity breed contempt, it is possible that the Public Accounts Committee and the Auditor General's Department, both under the aegis of

Parliament, would work more closely together, after all, both are responsible for the discharge of their functions to the people, through Parliament.

Mr. President, I welcome the changes made in the new Act, in relation to the Auditor-General's Office, which basically are performing a clarifying function. I consider that the office of the Auditor-General has been strengthened and he could now use the Public Accounts Committee, to get more resources than allocated in the Budget, for the functioning of his office.

Sir, I still think that what we should move ultimately to, is to have the Office of the Auditor-General closer to Parliament, not in proximity, but probably brought under the aegis of Parliament, probably the Management Commission of Parliament. As for the Public Accounts Committee, I am not sure what can be done. I agree with Senator Stuart, that the person who chairs the Public Accounts Committee, has to be sure and clear as to his responsibility in our constitutional and financial arrangements of the country, and must have the will and resources, to ensure that the Committee meets and performs its duties properly, so that the Auditor-General's Reports are not left to languish year after year on the shelf, with the recommendations not being policed.

I thank you, Mr. President.

Mr. PRESIDENT: Senator Sir Allan Fields.

SENATOR A.C. FIELDS: Mr. President, I rise to totally support the Financial Management and Audit Bill, 2007, and to applaud the Government for the bold step, the change in way they report on their finances, which will bring, as has been mooted, more transparency to the whole arena of financial reporting, and make the reports more user friendly, in that more people could have a better understanding of them.

Mr. President, I want to caution about the reluctance of human being to change. We have all seen an example over the last several years of the attempt for Public Sector Reform, although, in some instances it has had some measure of success, I do not think it has had the success that one would have liked. I can tell you that in my forty-odd years of business, the most difficult aspect is to manage change. People are naturally reluctant to change their *modi operandi*.

Sir, in fact, there is an absolutely true story of a gentleman in Bridgetown, who had been working in a particular occupation for fifteen years, and when he was offered a promotion by his boss, he refused it, on the basis that he had only just come to terms with what he was supposed to do, and he did not wish to undertake new ways

of doing business. Sir, that is absolutely true. Sir, I caution the challenge of this change.

Mr. President, what disturbs me a little bit more, if the newspapers are to be believed, and if their reporting is accurate, there was a suggestion that the new system of accrual accounting and the old system of cash based Accounting would run in parallel, that is a recipe for disaster, not only will we have people diverted by trying to run both systems at the same time, but if there is an error, you would not know which is right or wrong. Therefore, you would spend even more time trying to determine which is the right answer and which is the wrong answer.

Mr. President, in accounting, in my experience, as challenging as it is, you often have to bite the bullet, change to the new system you are going to use and focus on making sure that the appropriate entries are made properly and that the audit trail is there, so that the answer is the correct answer, and that you are not mislead.

Mr. President, it is almost impossible, despite the fact of the computer age ... and I have been challenged by this very recently, at Banks Holdings Limited, with the changing accounting systems, to pretend that one can keep the old system and run the new system in parallel, especially when the changes are going to be as dramatic as the changes in the systems of going from a cash based Accounting System to an Accrual Accounting System.

Sir, hopefully, the benefits would be more than the fact that the accounts are more user friendly. The benefits would be more than the fact that ministries would not be encouraged to spend money for the sake of spending money in March. The benefits would be more that the fact that the private sector could be paid for their goods and services on a more timely basis, rather than waiting for another period to get paid, if you missed the payment date at the end of March. Sir, hopefully, when the process is in place and the necessary evaluations are done to property and assets of the Government, and a huge increase in the strengths of Government's balance sheet would be evident, hopefully, this would allow people to focus on the fact that there is significant property owned by the Government that needs better maintenance. Hopefully, there would be more funds allocated in the Estimates, which we will have the pleasure of debating, in a few weeks, in this Honourable Senate, to see that the funds are allocated for maintaining buildings of Government that are in total disrepair, whether it is in education, health, libraries or police stations, and the appropriate depreciation would be placed on these assets, and that the appropriate insurance coverage will be put in place to insured that the taxpayers' properties are properly ensured in the event of disastrous consequences.

Sir, I just want to highlight the fact that this, though very desirable, is not going to be an easy process. Senator

Griffith spoke at length about the need for training. I trust that the training is an ongoing process and has started, because it is not something that is going to happen overnight. Sir, we are asking people to change their mod operandi significantly, and to understand a new paradigm of doing things, and to ensure that the new system is the only system, and is a system to which requires focus and attention are going to be given.

Mr. President, on the aspect of the Constitution (Amendment) Bill, I wanted to speak the independence of the Auditor-General's or lack thereof, and to say that I am encouraged by the steps that are being taken, and somewhat disappointed that the Constitution Review Commission's suggestions, were not followed to the letter of the law, but Senator Newton and Senator Sir John Stanley Goddard have both spoken very eloquently on this, therefore, I will restrict my few remarks, to these few remarks highlighting the aspect of change in the way of doing things, reinforcing the fact that this is going to be mammoth undertaking. Sir, it cannot be treated lightly, but the Government should be encouraged to ensure that everything is put in place to make sure it happens and in the appropriate manner.

I thank, Sir.

Mr. PRESIDENT: Senator Linton.

SENATOR I. St.C. LINTON: Sir, I rise to give the fullest support to the Bill that is before us regarding the changes that are being made, both in the management of Government, as well as to the Constitution.

Sir, I just want to draw attention to the question of the Public Accounts Committee. Mr. President, you will remember while at a meeting, as a Member of the Constitution Review Commission, we met with the Auditor-General of England, Sir John Brown was his name. I remember that the present Leader of the Opposition was there and Members of Government, at the time. I made the point that as long as the management of the Public Accounts Committee remains with the politicians, that it will not do the work it is supposed to do.

11.50 a.m.

Sequence 11

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Senate 65, sequence 12, 11.50 a.m.

Senator I. St.C. LINTON: If you follow the history of the Public Accounts Committee, with the Leader of the Opposition, as the Chairman of that Committee, you will find that not many of those Opposition Leaders are conducting the Public Accounts Committee, in the interest

of the people of Barbados. I pointed out at that time that it presents a conflict of interest, which my submission was received and given air to, at that meeting with Sir John Brown.

Sir, if the Public Accounts Committee remains as it is, it will continue to be a political tool, and will be used mostly for political purposes. Sir, if you follow its history throughout the years, with the infrequency of its meeting, and what is happening now, some attention should be paid to the matter.

I remember there were certain points made at the Constitution Review Commission, to which some changes were made, which I do not call to mind, for the benefit the work of the Public Accounts Committee, but I am still saying and I am repeating it here, as long as the chairmanship of the Public Accounts Committee remains with the politicians we will continue to have the infrequency of meetings and the Public Accounts Committee will be used for political purposes. There is no doubt about that, the history will show that, even recently, the history showed that.

I am making the point here and now that serious consideration should be given to the function of the Public Accounts Committee, and the relationship of its Chairman, to political parties, so that the people of Barbados could have a clear understanding of the role of the Public Accounts Committee. Sir, as long as it remains, as it is, within the Constitution, we are going to be faced with the same problem of infrequent meetings, and meetings may be called, purely for political purposes. Sir, I just wanted to make that point again.

Mr. President, I am obliged to you.

Senator the Very Rev. H. E. CRICHLAW: Thank you, Mr. President. When I was preparing for this debate, I thought about speaking on the points that have already been spoken on and I shall not really spend much time. They were mentioned by Senator Sir John Goddard and the Senator Newton.

I see a nexus between the two Bills that we are debating this morning, and the more we study the new provisions for the Auditor-General, the more I am convinced that this Chamber should not be hurried into debating the second Bill, which calls for an amendment to the Constitution. I think that the Constitution, the supreme law of Barbados is so very important that we should not have been told, just a week ago that we are to discuss a change in the Constitution.

Sir, like most Senators I am concerned that nothing much is done about the comments made by the Auditor-General in the last three or more years. I do not see how we

can progress, as a Parliament, if an officer, who in the Constitution is required to investigate financial matters to do with Government, if we just disregard or if those who are responsible for making changes, disregard or seem to disregard the comments made by that officer.

Sir, financial matters are very important to good governance that I think although there are no censures, something ought to be done to make the Auditor-General's Office, the regulative office that it should be, and the watchdog of financial spending. It seems to me that if from year to year, the Auditor-General tells us that things are not going well, I think that to disregard or to seem to disregard that in the eyes of the public, is not good governance.

Sir, matters to do with changing the Constitution are very important and very serious. It is being said, outside of this Chamber, that two Bills really do not have much to do with each other, but I do not see that at all. I think that in future, we should have to do better, when it comes to discussing amendments to the Constitution.

This matter of the Auditor-General's office has been gone into very thoroughly by the Committee that was set up to review the Constitution. It is not a matter that we can come to a decision, after one week's notice. I remember that when Senator Sir Roy Trotman heard this matter was being discussed this morning, he was very sorry because he said he had to be out of the island and he wanted to make a statement on it.

Senate 65, sequence 12, 12:00:14

Wednesday, March 14, 2007

SENATOR the Very Reverend H. E. CRICHLAW: He said that we should have been given much longer notice to debate a constitutional matter, and I agree with him, I hope that this does not recur. People would say that it is only a matter of one public officer or one public office but this particular office is so vital to the good functioning and good governance of this country that I think that it is a pity that we have to hurry our debate on a constitutional matter in order to allow matters to be discussed in the Budget speech that is coming up this afternoon.

Thank you very much, Mr. President.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, I wish to thank all Honourable Senators for their contribution on the matters before us. Mr. President, in bringing the debate to a conclusion I need to respond to a few issues. I would start with the unfortunate comments that were made by Senator Dean Crichtlow.

Mr. President, it is far, far from the truth for anyone who has knowledge of what transpired in this country to

say that anyone is disregarding the Report of the Auditor-General. This debate has nothing to do with the Report of the Auditor-General.

Mr. President, I would advise Senator Crichlow to check his facts before he starts to speak. He should go and see the comments that have been made from year to year in the Auditor-General's Report and then go and see the action that has been taken by the respective departments to the satisfaction of the Director of Finance and Economic Affairs. Therefore, it is not true for anyone, including Senator Crichlow, to say that anybody is disregarding the Reports of the Auditor-General.

Mr. President, this discussion before us has nothing to do with any Report from the Constitution Review Commission. This is a simple matter of changing the accounting system from cash based to accrual, therefore, there are certain amendments that have to be made. The issue of what the Constitutional Committee recommended or not is a different issue. The amendment to the Constitution has nothing to do with anything coming out of that Report. The first one is a very simple one. It is alright to get emotional and say Constitution and therefore we would have to get three years to study the issue.

Mr. President, if Honourable Senators want three or more years to study making simple changes like this one, where instead of using the word paid, you use credited when talking about charges to the Consolidated Fund, something would have to be wrong if we would need all this time to determine whether to delete paid and put credit.

SENATOR the Very Reverend H. E. CRICHLLOW: On a point of order. I am in favour of the Bill we are discussing. I think it is a very good one.

Mr. PRESIDENT: That, Senator, is not a point of order.

SENATOR the Very Reverend H. E. CRICHLLOW: I forgot to say that I was in favour of the Bill.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, I am glad to hear that, but I still have to correct the erroneous impression that has been given to the public, because the public is likely to go away feeling that this Government is a Government that disregards the Auditor-General's Reports. The Office of the Auditor-General in this land is regarded as a serious office. I worked in the Auditor-General's Office many years ago, and that office has always been respected, and we hope that it would continue to be respected, so I do not want anybody out there to get any misunderstanding. Mr. President, it is therefore not true, I have to repeat it, that the Reports of the Auditor-General are disregarded, they are taken very

seriously, and we encourage the departments to take appropriate action.

Mr. President, the amendment to the Constitution is not a case where you are taking away or infringing anybody's rights or privileges, it is a simple thing of making sure that the words which are used in the existing Financial Administration and Audit Act, and which are proposed in the new Financial Management and Audit Act, are consistent with those that are in the Constitution, so paid is being replaced by credited. There is no issue about that. Why would one need an abundant amount of time to study that, as if there is some sinister action being taken by the Government. Mr. President, instead of using paid out, we will use charge to. Those are harmless changes.

Mr. President, the second one, which is an amendment to strengthen the position of the Auditor-General, which all of us want to happen, is not taking away any rights from the Auditor-General, it is strengthening his position by making it abundantly clear, even though to me it is already clear, that the Auditor-General, on his own initiative, can start an audit. Mr. President, in my view, that is not something that anybody should be worried about. We should be happy that the Government is taking that step to strengthen the hands of the Auditor-General and making him more independent.

Mr. President, I really have difficulties with Senators who would suggest that there is any sinister action here by the Government and that you are hurrying people into making constitutional changes that are so important and significant, that is not the case.

Mr. President, on the other issue, I take the point made by Senator Newton but I would caution action on one aspect of it. I used to work in the Auditor-General's Office. I was an Examiner in those days doing audits at various institutions. I was promoted out of the Auditor-General into the Accountant-General's Office. I was promoted from the Accountant-General's Office into the Ministry of Home Affairs. I eventually was promoted into the Ministry of Finance, where I spent 27 years.

Mr. President, the point behind that is that the Auditor-General Office, as it now stands, has a staff of 73, one Auditor-General, one Deputy Auditor-General and a few Audit Managers. Mr. President, I want you to think of it, a person who goes into that office as an Examiner and stays in that office, and then you would know what the issue is when it comes to the question of having it as a closed shop. When I worked there that was being discussed too. They always wanted to have it as a closed shop and I used to laugh.

Mr. President, do you know what would happen? They would not get any promotion because there is no

scope there. That is something that has to be taken into account. It is alright to talk about Canada and those places where you have large units and more opportunities. I guess that in those situations too there would be limitations, but that is an issue here that has to be taken into account.

Mr. President, no qualified accountant is going to go into the Auditor-General's Office and stay there as a junior all the time. People do it in the private sector. On one occasion, I was interviewing professional accountants who wanted to work with the Income Tax Department, and I was surprised that four of them turned up who told me that they were working in an accounting firm. Mr. President, I thought that things were so rosy out there and salaries were so great, so I asked them what has happened, if they got rid of them, and they told me no, that they were not partners, they were still juniors, even though they have been working there for years with professional qualifications. Mr. President, they told me that what we had to offer at the Inland Revenue was more attractive to them.

Senate 65 Sequence 13

12.10 p.m.

Wednesday, March 14, 2007

Senator the Hon. E. R. GRIFFITH: Sir, I nearly died from shock but there again, that is probably the issue of being in a small firm or in a firm that is structured in such a way that only the partners... and everybody cannot be a partner. It has nothing to do with one's professional ability, it has to do with the structure. Sir, in this case, the Auditor-General's Department or any department in Government, the issue is going to be the mobility in terms of qualifications.

Sir, it is a nice idea for people who do not look at that aspect to suggest - and it is not a question always and persons must not take this view - that every recommendations made that is not followed is disregarded. There may be limitations and there might be good reasons they are not followed. Sir, the person making these recommendations would look at it from their perspective but the persons who have to implement those recommendations have to look at the issue as a whole and sometimes they are not always appropriate to get them done. I always remember well there used to be a university lecturer who used to write to a certain the Minister of Finance, making a number of recommendations about policies that should be pursued. It was my unfortunate lot, in most cases, to draft the response to him and usually I have to write and say: "We tried that and had to reject it because of these shortcomings...". Sir, he had not thought of these shortcomings. Sir, there is a big difference between theory and practice when it comes to certain things and this may be another case.

Mr. President, I think that all of us should be pleased with the legislation which is before us. Senator Stuart raised some issues, I wish to apologise for the existence of those shortcomings with regard to grammatical issues and otherwise but there are not fundamental or material to the Bill and therefore there are things that can be tidy-up. Sir, I trust in future that we would not have such situations but since they are not fundamental or material to essence of the Bill, I do not think we need to worry about them.

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

The question was put to the Senate and agreed to.

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

COMMITTEE

MADAM DEPUTY PRESIDENT: This Senate is now in Committee.

Clauses 1 - 4, inclusive, were called and passed.

Clauses 5 - 7, inclusive, were called and passed.

Clauses 8 - 17, inclusive, were called and passed.

Clauses 18 - 30, inclusive, were called and passed.

Clauses 31 - 35, inclusive, were called and passed.

Clauses 36 - 44, inclusive, were called and passed.

Clauses 45 - 51, inclusive, were called and passed.

On the motion of SENATOR the Hon. E. R. GRIFFITH, MADAM DEPUTY PRESIDENT reported to His HONOUR the PRESIDENT, the passing of 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 Financial Management and Audit Act, 2007.

ORDER NO. 7 – SECOND READING OF THE CONSTITUTION (AMENDMENT) BILL, 2007.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, this Bill before us, as indicated earlier, is related to the Bill which was just passed, the Financial Management and Audit Act. This Bill seeks to make amendment to certain parts of the Constitution, in the first instance to facilitate the use of the words similar to those

which are in the Financial Management and Audit Act, and to make provision for the Auditor-General to initiate audits.

Mr. President, in view of the discussions which we have just had, I do not think it is necessary that for us to have further discussions, as I have already indicate that the two Bills are related. Sir, as you know, this is a Constitutional amendment and it requires a two-thirds majority of the Honourable Senate in order for it to be passed. Sir, I beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

SENATOR Dr. D. S. LOWE: Mr. President, as my colleague would have indicated earlier, the Opposition does not intend to detain this Honourable Chamber on any protracted debate on this particular issue, but I thought I would rise to reiterate a point made earlier by a former speaker in the previous debate, which also resonates with me as it relates to the amendment of the Constitution.

Mr. President, I stand only to make the point that when the Constitution of a country represents a sacred Charter that defines the life and journey of the nation....

12.20 p.m.

Wednesday, March 14, 2007

(EDITED 04/05/09)

SENATOR Dr. D.S. LOWE: I would stand to agree with anyone who suggests that any contemplation of the amendment of a Constitution should be so done with the kind of consideration that would make it an act that is deliberate; an act that is well-informed and an act that only redounds to the continued growth and progress of the nation. While this might be considered as a minor constitutional amendment, it should, nevertheless, cause us to reflect on the fact that any time a legislative body decides to amend any element of a constitution, that history will reflect that the charter of the country was so amended and that history should also reflect that the legislators gave full, deliberate consideration for the matter regardless of how minor the matter may seem to be.

Mr. President, what I am speaking to is not necessarily the content of the amendment. What I am speaking to is the process and the fact that we have taken a decision to impact upon the Constitution of the country and we would want to make sure that no one would have any idea that amending the Constitution is a matter that should be taken in a matter of days but that it is a matter that should be given the fullest consideration of all those who are involved.

Mr. President, I would want to support comments made earlier that in the future when the Government decides that it wants to amend the Constitution for whatever purpose, that while the Opposition may not query the content or argue against the content, we would want to advise the Government that it appears as though that full and sacred consideration is given to any attempt to amend the Constitution of Barbados, because of its sacredness.

Mr. President, I thank you for that.

SENATOR THE HON. E.R. GRIFFITH: Mr. President, I beg to move that Bill be read a second time.

The question was put to the Senate and agreed to.

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 DEPUTY PRESIDENT: The Senate is in Committee.

Clauses 1 - 5 were called and passed.

Clauses 6 - 10 were called and passed.

On the motion of SENATOR THE HON. E.R. GRIFFITH, Madam DEPUTY PRESIDENT reported 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.

A division has been called for.

The question that the Bill do now pass was put and resolved in the affirmative, the Senate dividing as follows:

Ayes: SENATOR THE HON. E.R. GRIFFITH, SENATOR the Hon. Miss LYNETTE EASTMOND, SENATOR T.E. BARKER, SENATOR R.W. GRANT, SENATOR I. St.C. LINTON, Senator Mrs. S.C.V. HUSBANDS, SENATOR Miss P.E. PARRIS, SENATOR I.G.P. GOODING-EDGHILL, Senator G.P.B. NICHOLLS, SENATOR A. A. BYNOE, SENATOR F.J. STUART, SENATOR Dr. D.S. LOWE, SENATOR DR. F.L. CHANDLER, SENATOR SIR A. C. FIELDS, SENATOR the Very Reverend H.E. CRICHLAW, SENATOR THE HON. V.E. NEWTON, SIR JOHN STANLEY GODDARD, HER HONOUR SENATOR DAME OLGA PATRICIA SYMMONDS, - 18.

Noes: (Nil)

On the separate motion of SENATOR THE HON. E.R. GRIFFITH the Bill was read a third time, passed and cited as the Constitution (Amendment) Act, 2007.

ORDER NO. 2 – RESOLUTION TO RESCIND THE
RESOLUTION PASSED BY THE HOUSE OF ASSEMBLY
ON JUNE 27, 2006, AND IN THE SENATE ON

JUNE 28, 2006, APPROVING THE GUARANTEE
BY THE Government OF A LOAN OF \$38 MILLION IN
THE CURRENCY OF BARBADOS BY THE
BARBADOS INVESTMENT AND DEVELOPMENT
CORPORATION FROM

RBTT MERCHANT BANK LIMITED

SENATOR THE HON. E.R. GRIFFITH: Mr. President, this matter is a fairly straightforward one Sir, as indicated in the Resolution, the Senate, on June 28, 2006, approved the guarantee by the Government of a loan by way of an issue of bonds by RBTT Merchant Bank to the Barbados Investment Development Corporation.

Mr. President, the Resolution has earlier received the same treatment in the Other Place. What happened subsequent to the decision by the Senate, was that the parties involved determined that instead of proceeding with the loan on the basis as issued in Barbados currency that they should have a new arrangement and have it issued in US currency with a slightly lower interest rate. This is the issue at state. The debate was held at that time when the guarantee was granted and all we are seeking to do here is to rescind that decision and to substitute the new arrangements for a similar amount except that it be denominated in US currency.

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

S65/12:30

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Mr. PRESIDENT: Senator Stuart.

SENATOR F.J. STUART: Mr. President, I understand what Senator Griffith said, but the Government would have deliberated on this matter, I take it, and determine that it wanted originally to raise this money in local currency. I do not think that decision would have been reached whimsically, without thought, without due deliberation or without doing some kind of cost-benefit, calculus. All of a sudden, this is being rescinded and to be replaced by a bond issue in US currency. This foreign exchange, rich, is all of a sudden retreating from its

previous position, not reached whimsically, to borrow this money in local currency and to borrow it instead in the currency of the United States of America. I have not heard an explanation of that decision from the Leader of Government Business. I believe he was in the Cabinet when the decision was taken to use the loan in Barbados currency and he was in the Cabinet when the decision was taken to rescind and go to US dollars.

Sir, I should be pleased, if in his windup, he would let the country know why a Government that boast that it has more foreign reserves than any previous Government of Barbados, would all of a sudden decide want to retreat from a decision, reached with due deliberation, to a decision that now aims to secure this loan in foreign currency.

I am obliged to you, Mr. President.

Mr. PRESIDENT: Senator Griffith.

SENATOR HON. E.R. GRIFFITH: Mr. President, I heard the comments of Senator Stuart. I always respect the comments from my good friend, and sometimes I wish that some of his colleagues would pay attention to his statements, because I think they would have been better off if they did so.

I will give him a little advice on this occasion, providing he is willing to take it, that he should try not to read into the actions of the Government, things that are not there. We are in the Season of Lent, and there is this great temptation, especially during this period to read into things, elements that are not there.

Mr. President, in the Addendum, you will notice that the explanation given is, that subsequent to the passing of the Resolution, the Parties to the agreement, Barbados Industrial Development Corporation and RBTT, for the loan determined that the currency denomination and terms of the contract, two elements - that is why I mentioned a better interest rate and so on, with respect to the Bond Issue, needed to be changed to facilitate a successful issue.

Sir, if you put a bond issue on the market, somebody has to buy it. It is a question of how attractive it is to the potential buyers.

Asides.

SENATOR HON. E.R. GRIFFITH: Sir, circumstances change so rapidly in this area of activity, I am sure that Sir John and Sir Allan would tell you how quickly the circumstances in the area of finance change. Therefore, it has been determined that the Bond Issue denominated in US currency would be more attractive to the potential buyers and in this particular case, the

Government agency involved is getting a better interest rate as well. That, in essence, is the issue.

I therefore beg to move that the Resolution do now pass.

The question was put and resolved in the affirmative without division

ORDER NO. 3

TO APPROVE THE GUARANTEE BY THE MINISTER RESPONSIBLE FOR FINANCE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST IN RESPECT OF A LOAN OF \$19.0 MILLION IN THE CURRENCY OF THE UNITED STATES OF AMERICA BY THE BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION FROM RBTT MERCHANT BANK LTD, FOR THE PURPOSE OF UPGRADING THE QUALITY OF THE CORPORATION'S BUILDINGS AND THE RETIREMENT OF DEBT.

Mr. PRESIDENT: Senator Griffith.

SENATOR HON. E.R. GRIFFITH: Mr. President, this is a similar matter, except that in this case the institution is a different one, but the issues are the same. The proposal is for the loan to be denominated in US currency as opposed to Barbados dollars, but for a similar amount.

I beg to move that this Resolution do now pass.

The question was put to the Senate and agreed to without division.

ORDER No. 4

RESOLUTION TO RESCIND THE RESOLUTION PASSED BY THE HOUSE OF ASSEMBLY ON THE 11th DAY OF AUGUST, 2006 and in THE SENATE on the 16TH DAY OF AUGUST, 2006 APPROVING THE GUARANTEE BY THE GOVERNMENT OF A LOAN OF \$22 MILLION BY THE TRANSPORT BROAD FROM RBTT MERCHANT BANK LTD.

Mr. PRESIDENT: Senator Griffith.

SENATOR HON. E.R. GRIFFITH: Mr. President, this is similar to the one that we just dealt with, except in this case the institution is the Barbados Transport Board, which had an arrangement with RBTT for a bond issue of \$22 million in Barbados currency, and so is the case with Barbados Investment and Development Corporation, it is being proposed that the earlier Resolution be rescinded and

that the substitution be made with a bond issue in US dollars. The reason is the same as previously.

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

The question was put to the Senate and agreed to without division.

ORDER NO. 5

RESOLUTION TO APPROVE THE GUARANTEE BY THE GOVERNMENT OF THE PRINCIPAL AND INTEREST NECESSARY FOR THE REDEMPTION OF THE BOND ISSUE BY THE TRANSPORT BOARD FROM RBTT MERCHANT BANK LTD, OF THE SUM OF \$11 MILLION IN THE CURRENCY OF THE UNITED STATES OF AMERICA FOR THE PURPOSE OF PURCHASING 70 NEW BUSES.

Mr. PRESIDENT: Senator Griffith.

SENATOR HON. E.R. GRIFFITH: Mr. President, I beg to move that this Resolution do now pass.

The question was put to the Senate and agreed to without division.

ADJOURNMENT

SENATOR HON. E.R. GRIFFITH: Mr. President, I beg to move that the Senate do now adjourn 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.

12.39 p.m.

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LINTON, Senator I. St.C.

LOWE, Senator Dr. D. S.

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STUART, Senator F.J.

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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. 6, speeches of Senators Sir John Goddard and Newton. The source carries two identical copies of the passage from the end of Senator Sir John Stanley Goddard's speech to the first part of Senator the Hon. V. E. Newton's speech, each followed by the take-slip 'S:No. 65(9)11.30 a.m.'. The first copy is printed and the second (about 1,170 words) has been left out. Please confirm.

Q3. Take-slips. The Senate is recorded as meeting at 11.10 a.m., but the take-slips run from '10.10' (one reads 'S65: 10.10 p.m.') through 10:20, 10:30 and later times during the opening business and the Minister's speech; 'sequence 02' and 'sequence 07' each appear on two slips. Printed as in the source.

Q4. Presentation of Papers. The list is numbered 1 to 5 and then '7.', with no item 6, and items 5 and 7 are both 'Barbados Revised Estimates 2006-2007'. Printed as in the source.

Q5. Order No. 2. The Resolution names the Barbados Investment and Development Corporation, but the Minister's reply refers to the 'Barbados Industrial Development Corporation'. The title of Order No. 4 reads 'TRANSPORT BROAD'. Printed as in the source.

Q6. Order No. 7. The Minister moves the second reading of the Constitution (Amendment) Bill, 2007 and the question is agreed to before Senator Dr. D. S. Lowe speaks; the Minister then moves the second reading again. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The Senate met on Wednesday, 14th March, 2007 at 11.10 a.m., with the President, Senator Sir Fred Gollop, in the Chair; prayers were led by Rev. Father Errington Massiah. The President announced the absence of Senator Sir Roy Trotman on trade union business. The Leader of Government Business, Senator the Hon. E. R. Griffith, laid papers including the General Elections (Allocations of Broadcasting Time) (Amendment) Regulations, 2007, the

Barbados Estimates of Revenue and Expenditure 2007-2008 and the Barbados Revised Estimates 2006-2007. Standing Orders 22(1) and 45(2) were suspended, and notice was given of two Bills and four Resolutions.

Senator Griffith moved the second reading of the Financial Management and Audit Bill, 2007, which replaces the Financial Administration and Audit Act and moves Government accounting from a cash basis to an accrual basis, recording payables and receivables and requiring asset registers and new financial statements. He corrected a newspaper report that the Government was being required for the first time to present an annual budget, pointing to section 108 of the Constitution. Senator F. J. Stuart supported the Bill for the Opposition but questioned the need for a new Act, noting that much of the 1964 Act was being reused, and stressed that its value would depend on those applying it.

Senator Sir John Stanley Goddard welcomed the move to accrual accounting and noted that the Public Accounts Committee met on 12th February, 2007, its previous meeting having been on 11th March, 2005. Senator the Hon. V. E. Newton spoke on the powers and independence of the Auditor-General and the weakness of the Public Accounts Committee and the Director of Finance's power to surcharge. Senator Sir Allan Fields supported the Bill while cautioning about resistance to change; Senator I. St.C. Linton said the Public Accounts Committee would remain a political tool unless its chairmanship was reconsidered; and Senator the Very Rev. H. E. Crichlow said the Senate should have had longer notice of a constitutional matter, later adding that he favoured the Bill.

In reply Senator Griffith denied that anyone was disregarding the Auditor-General's reports or hurrying constitutional change, drawing on his own time as an Examiner in the Auditor-General's Office. The Bill passed through Committee, with Madam Deputy President in the Chair.

The Constitution (Amendment) Bill, 2007, which aligns the Constitution's wording with the new Act and allows the Auditor-General to initiate audits, required a two-thirds majority. Senator Dr. D. S. Lowe said that any amendment of the Constitution deserved the fullest consideration. The Bill passed on a division by 18 votes to none.

The Senate then agreed without division to four Resolutions: rescinding the guarantee of a \$38 million loan to the Barbados Investment and Development Corporation from RBTT Merchant Bank Limited and approving a

guarantee of US\$19.0 million in its place; and rescinding the guarantee of a \$22 million loan to the Transport Board and approving a guarantee of US\$11 million to purchase 70 new buses. Senator Stuart asked why a Government

boasting high reserves now sought foreign currency, and Senator Griffith replied that US-dollar bonds were more attractive to buyers and carried a better interest rate. The Senate was adjourned sine die.

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