
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2008 – 2013

HOUSE OF ASSEMBLY

Friday, June 4, 2010

Pursuant to the adjournment, the House of Assembly met at 10.10 a.m. on Friday, June 4, 2010.

PRESENT

His Honour M. A. CARRINGTON, B.A., LLB. (Speaker)

His Honour K. ST.C. BEST, LL.B. (Hons.), L.E.C. (Deputy Speaker)

Hon. D. J. H. THOMPSON, LL.B (Hons.) Prime Minister, Minister of Finance, Labour, Civil Service and Energy)

Mr. R. C. EASTMOND, J.P., LL.M. (Leic.), LL.B, B.A. (Hons.), Dip.Ed. (Hons.) (Lond.,)

Mr. G. A. CLARKE, J.P., B.Sc., Dip. Ed.

Mr. R. St.C TOPPIN, LL.B. (Hons.)

His Excellency D. ST.E. KELLMAN

Hon. Miss M.A. MOTTLEY, Q.C., LL.B. (Leader of the Opposition)

Miss C. Y. FORDE, J.P., L.C.P.

Hon. R. D. JONES, J.P., M. A. (Ed.), B. A. (Hons) (Minister of Education and Human Resource Development) (Leader of the House)

Dr. the Hon. D. C. ESTWICK, B.Sc., M.B.,B.S. (Minister of Economic Affairs and Empowerment, Innovation, Trade, Industry and Commerce)

Mr. D. D. MARSHALL, Q.C., LL.B (Hons.), L.E.C.

Dr. W. F. DUGUID, J.P., FDRCS., F.D.S., B.D.S. (Comm).

Hon. F. J. STUART, LL.M., B.A., (Deputy Prime Minister, Attorney-General and Minister of Home Affairs)

Hon. J. D. E. BOYCE, MSc, C.Eng, (Minister of Transport and Works)

Hon. E. G. HUTSON, F.C.C.A., C.A. (Minister of International Business and International Transport)

Hon. S. D. BLACKETT (Minister of Community Development and Culture)

Mr. J. D. PAUL, B.Sc.

Dr. the Hon. D. S. LOWE, Ed.D., M.Ed., B.A., Dip. Theology (Minister of The Environment, Water Resources and Drainage)

Mr. A. D. BRATHWAITE, LL.B. (Hons.)

Mr. S. A. LASHLEY, B.Sc., LL.B. (Hons.), L.E.C. (Chairman of Committees)

Hon. P. M. T. TODD, B.Sc. (Minister of State, Education and Human Resource Development)

Hon. D. O'N. INNISS, M.B.A., B.Sc., (Minister of Health)

Hon. C. P. SINCKLER, M.Sc, B.A., (Minister of Social Care, Constituency Empowerment and Rural and Urban Development)(Leader of the House)

Dr. the Hon. E. R. BYER-SUCKOO, M.B.,B.S. (Minister of Labour)

Prayers were taken by Reverend Canon Ivan Harewood.

Mr. SPEAKER: Good morning Honourable Members. This Sixty-Sixth Sitting of Parliament is now in session.

Honourable Members, as you can see we are having a little difficulty with the air condition. I will take a motion for the suspension for a short while.

SUSPENSION OF SITTING

Hon. C.P. SINCKLER: Mr. Speaker, as you quite correctly said, we have a slight problem with the air condition, which I understand is now being resolved, but we need a few more minutes to get it up and running. I therefore move that this Sitting be now suspended until 11.45 a.m.

Hon. F.J. STUART: I beg to second that, Sir.

The question that the Sitting do now be suspended until 11.45 a.m. today was put and resolved in the

affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.

11.15 a.m.

RESUMPTION

Mr. SPEAKER: Honourable Members, this Sitting is resumed.

MINUTES

Honourable Members, I have in my possession, the Minutes of the Meeting held on Tuesday, May 18, 2010.

Hon. C.P. SINCKLER: Mr. Speaker, I beg to move that the Minutes for the Meeting held on Tuesday, May 18, 2010 be taken as read.

Hon. F.J. STUART: I beg to second that, Sir.

Mr. SPEAKER: Unless there are any objections or observations, then let those Minutes stand confirmed.

Honourable Members, I am in receipt of the Accounts and Statements for the month of January 2010, as prepared by the Accountant-General.

I am also in receipt of the Report of the Auditor General on the Financial Statements of the Government of Barbados for the period, 2008 to 2009.

SUSPENSION OF STANDING ORDERS

Hon. C.P. SINCKLER: Mr. Speaker, I beg to move that Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's Sitting.

Hon. F.J. STUART: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is now the order of the day.

Hon. C.P. SINCKLER: Mr. Speaker, I beg to move that the Resolution numbered, Order No. 1, be withdrawn and replaced by the new Resolution which has now been circulated.

Hon. F.J. STUART: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

ORDER NO. 1

RESOLUTION TO BORROW THE SUM OF US\$100 MILLION FROM THE DEUTSCHE BANK AG LONDON, FOR THE PURPOSE OF SATISFYING THE CONTRACTUAL OBLIGATIONS OF THE GOVERNMENT OF BARBADOS RELATING TO THE REDEMPTION OF THE

US\$100 MILLION, 8.75 PERCENTAGE NOTES

DUE ON THE 15TH JUNE, 2010.

Mr. SPEAKER: The Honourable Member for St. John and Prime Minister.

Hon. D.J.H. THOMPSON: Thank you, Mr. Speaker. Before I get to the substantive Resolution, I just want to take this opportunity, if you would permit, Sir, to express my gratitude to the Honourable Members on both Sides of the House who, over the past few weeks have expressed their best wishes to me for an improvement in my health. I, personally, and on behalf of my family, want to thank you all, particularly those who called and those whom I had the opportunity to talk to.

In addition to that, I want especially to thank Barbadians who spontaneously offered and in fact did pray for me on that special day of prayer. Far though I was away from the kinetic energy that would have inspired, I must say that I did feel it and I want to again express my appreciation.

12:10:08

The battle is not over, as they say, but those good wishes, thoughts and the humanity that had been expressed have been extremely helpful to me and to my family, but we have business to do today.

Mr. Speaker, consequent on the original approval that was given by the House sometime in April to raise US\$200 million on the international market by way of bonds, the lead Manager of Deutsche Bank has advised that due to the turbulence in the international capital market... Of course, that turbulence comes from a number of factors. The first would be what has been happening in Greece and the fact that what has been happening in Greece is not viewed as an isolated incident in Europe but could have a domino impact in Europe and even threaten growth in the United States of America. Of course, we have seen that there has been some improvement in the economy of the United States of America as a whole but in particular in consumer confidence.

In addition to that, what has been happening in Jamaica has been unhelpful to the entire Caribbean. When I

was very young growing up in England, if you said you were from Barbados people did not even know Barbados but they knew Jamaica. We do not live in a world anymore in which people feel that when you say the Caribbean you mean Jamaica, but the point is that Jamaica is still extremely influential.

Every day in the United States of America there is a major article in the first four or five pages of the New York Times dealing with Jamaica. Haiti, which some months ago was one of the lead stories from the Caribbean, has been knocked off and Jamaica has attracted the writings of several journalists in the New York Times. Even on Sunday gone, there was a very interesting piece written by Harvard Professor Orlando Patterson, in which he spoke about what has been happening in Jamaica and even did a comparison with Barbados. The point is that from the editorial pages right through, the scenario in Jamaica has been paramount.

Mr. Speaker, you therefore have to see it against the context that when Barbados meets with the international banks most of those meetings take place in New York, that is where they are based. When we went to the international banks in February, Credit Suisse City Bank, Deutsche Bank, et cetera, by and large, you are dealing with people who are very much influenced by what they read and by the slightest scenario that may impact on growth in the Caribbean.

Mr. Speaker, that kind of turbulence in the international capital market has been unfortunate. It came at the worst time for Barbados because having come to the House, the Acting Prime Minister having led off the Resolution to seek the approval of the House for the borrowing of the US\$200 million, subsequent to that the circumstances deteriorated and therefore attempting to borrow that sum in this current environment would obviously attract a very unreasonably high price that would impact negatively on the economic fundamentals of our country.

Mr. Speaker, Barbados has a repayment to make on June 15. I have heard even from the Opposition Benches, and I am happy to report that the repayment can be made quite comfortably, therefore, I do not think there is any dispute that Barbados is in a position that the payment cannot be made. Mr. Speaker, I however believe that all of the advice that we have received so far would suggest that it would be better if we can roll over the payment, as has been the common practice.

Mr. Speaker, I will go as far back as to say that when we did the road show in February of this year, I think it was, many of the banks that we spoke to said: "Look, Barbados is not a country that we have not dealt with before, we understand you, we can make it easier for you

by bridging the repayment and giving you more time to wait to see what happens with the interest rates or helping you to feel more comfortable about the environment."

Mr. Speaker, it is a credit to our country that we are able, without difficulty, to find a bank that would roll over the repayment because there are circumstances in which other countries in this environment would not be able to find a bank to roll over the payment.

Mr. Speaker, we have looked at the options and a Resolution was circulated regarding an original offer from ScotiaTrust and Merchant Bank. Scotia had made the most competitive offer at an indicative all-in rate of 4.65 per cent. However, yesterday Scotia informed the Central Bank of Barbados that in obtaining the final authorization from its Toronto Office for the \$100 million short term facility, it was recommended that a counter offer be submitted to the Government of Barbados to provide the funding on condition that Scotia be appointed co-manager and "book runner" on the Government \$200 million bond. Mr. Speaker, what they are saying is yes, they would bridge it but they want to lock us in with an arrangement with Scotia.

Mr. Speaker, from the speeches I have always heard on the Other Side of the House about banking institutions, I am certain that none of you would agree to that arrangement and I am certain that based on even the most cursory discussion or understanding of the disposition of Honourable Members on my Side that would not be acceptable. We are a sovereign nation and we should have the right to have the utmost flexibility in making decisions.

Mr. Speaker, fortunately within the space of a day, we were able to accept an alternative offer in respect of Deutsche Bank which had already, we agreed in this House, been appointed as the lead manager of the bond. Mr. Speaker, as the alternative, Deutsche Bank expressed their willingness to provide the bridging loan at half the arranging cost of the original offer making this financing much more competitive. Deutsche Bank has therefore agreed to provide the loan at a rate of three-month LIBOR plus 400 basis points to give an indicative all-in rate of 5.04.

Mr. Speaker, Deutsche Bank's offer was not favoured initially since it submitted much higher cost and involved a lengthier approval process based on their own credit approval strategy or processes and the due diligence requirements of New York Law. Deutsche Bank has since been able to fast-track the approval process and has agreed to use a much simpler form of legal documentation as recommended by their own legal counsel and therefore it is on this basis and the ability of Deutsche Bank to provide \$100 million by June 11, 2010 that it has recommended that Government accepts the offer from Deutsche Bank.

12.20 p.m.

The terms of the Resolution are quite clear. At page 3 of the Schedule to the Resolution the terms and conditions of the loan are set out. As I said, it is a bridging facility. Mr. Speaker, on behalf of the Government, I undertake to keep this Honourable House informed about any development consequent on this Resolution. This is really plugging a hole, as one might say. We are not doing anything else by this process for the time being, so the situation would remain the same, having replaced a loan payment with this borrowing.

Mr. Speaker, should the terms and conditions in respect of the original approval that we have sought and obtained from the House change or even if they do not change, I undertake that at the point at which we decide to go to the market for the additional funds, once the market settles down and conditions improve, we will return to the Honourable House and update you on the circumstances.

There has, of course, been a lot of discussion and debate at the technical level about the strategy that we should use. Of course, the Government has committed and has sought the assistance of, I believe, CARTAC and other entities to look at an overall debt restructuring programme for Barbados. In addition I believe that the Central Bank of Barbados has developed a more confident stance in relation to the rating agencies which, of course, have become very important.

All of you would have had copies of the views of the rating agencies of the Barbados economy. In the last reviews, by and large, those rating agencies were happy that Government had been able to contain the fiscal deficit, and has been reasonably successful in that regard. The point is that this is a challenge that we have taken on now - Jamaica has taken it on - but there are many other countries in the world throughout the whole of Europe. Sir, of course, a day of reckoning has to come for the United States of America when the fiscal situation is going to have to be managed more aggressively and we cannot turn a blind eye to that.

Mr. Speaker, in Barbados, we are trying to do it by way of a Medium Term Fiscal Strategy that gives us a more leisurely approach. In 1991, we sought to turn around a fiscal deficit of about nine per cent Gross Domestic Product (GDP) in a very short period of time, in which circumstances may have been more propitious to do it that way then. It did cause hardship, economic dislocation and pain. In this particular scenario, we sought to minimise it.

Sir, nobody on This Side would deny nor would any economic analyst deny that there have been and continue to be areas of economic hardship in Barbados that need to be addressed. We do not bury our heads in the sand. We are

seeking to manage a situation that has been very difficult. It has been the worst economic crisis in 80 years. It has affected all countries in our Region, some much worse than others.

Barbados' performance in terms of responding has been, to my mind, not spectacular, it has been in the mid-range. It has been in a range in which, by and large, we have performed before, because we do not have resources like other countries. There is nothing fortuitous that is going to happen to us tomorrow. We therefore have to manage our social, economic and political problems very carefully, understanding always that in small societies like ours, that those pockets of poverty need to be given the attention that is critical, to ensure that there is no substantial and lengthy suffering. Sir, that is why our initiatives have been focussed essentially on protecting jobs, protecting our external position and managing carefully and prudently through this crisis.

Mr. Speaker, during the Estimates debate, I did say that our Permanent Secretaries would meet every quarter. The first meeting is scheduled, I think, for the last week in June, at which we will review our spending programmes. We will review projects. We will look at how each Ministry is performing. We will ensure that we are able to deliver the services that people require, as well as to ensure that our capital programmes, particularly in housing and the environment, for example, the Barbados Water Authority, are being executed, as well as the foreign-funded projects.

I must say there has been a dramatic improvement in terms of the execution of the foreign-funded programmes. Sir, the Permanent Secretaries have been put on alert to give us a frank, factual and stark analysis of the performance in the first quarter. Throughout the rest of the year, we will monitor expenditure and make adjustments as are necessary over the period of the restraint and over the period of our medium-term fiscal programme.

Mr. Speaker, in the circumstances, that is all that I need to say to introduce this Resolution. As I said, if we were doing the larger borrowing, I certainly would have said more, but I stand ready to answer any queries or questions on either Side of this Honourable House in relation to this particular initiative.

Mr. Speaker, with those few words, I beg to move that this Resolution do now pass.

Hon. F. J. STUART: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

Mr. SPEAKER: The Honourable Member for St. John, as you take your seat, let me take this opportunity to say on behalf of this Honourable House how very happy we are to have you with us today. I think we can say, without a doubt, that this particular event has shown us how much Barbados loves its leaders. This is something this Honourable House should not forget. I want to take this opportunity to wish you and your family all the best, and all the courage and strength you need to deal with this particular issue going forward.

The Honourable Member for St. Michael North East.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, in the spirit in which the Honourable Prime Minister would have commenced his speech this morning and in the spirit in which you would have spoken just now, I would like to say to the Prime Minister how good it is to see him with us today and to say that he remains in our prayers. He has indicated that the battle is not yet over and believe you me, with all sincerity, he remains in our prayers and we wish him and his family all the very best at this time. Sir, I wish to say the fact that the Honourable Member should be here today with us is a good thing.

Mr. Speaker, I want to say very briefly that it is clear that the Resolution before us is a temporary measure, it is for a bridging facility. I was not quite sure what are the consequences of the uncertain market conditions to the original approval that was given earlier this year. I believe that approval would have spoken to a 30-year loan at 12 per cent, and clearly the consequences would now be in relation to the cost of the loan, namely the interest rate. Sir, that effectively would be a 50 per cent increase which obviously would carry the cost of servicing that loan way beyond what we would want to bear as a country. Therefore, to that extent, we on This Side cannot complain or oppose the action of bridging, in the hope that we can get a better interest rate. Sir, 12 per cent would bring us in the range of the 1991 Barclays loan.

12.30 p.m.

Sir, having said that, it is of some concern to us that the underlying fundamentals of the Barbados economy clearly are not yet strong enough. The fact that uncertainty which has been triggered by Greece or Jamaica can affect Barbados, speaks more to the underlying fundamentals of our economy now for which there is deep concern. I believe that there needs to be a greater effort and a greater intervention to ensure that there is not a continued creeping paralysis in relation to those sectors in the economy which need to be firing on a stronger basis in order for us to get out of this period of economic malaise.

Mr. Speaker, the reality is that the economy is still in recession. The reality is that the crisis has seen itself most

evidently in our fiscal affairs. This is the third straight year that we have had a current account deficit and the truth is, and the country will have to be part of the discussion, that there needs to be urgent intervention, both on the fiscal and economic side in order to ensure that we can move at a quicker rate.

The Government did present a medium-term fiscal strategy but the medium-term fiscal strategy, as I understand it, is premised on a number of interventions, which still have not yet occurred and, most importantly, of which is the access to funding, I believe \$80 million from the Caribbean Development Bank and \$60 million from the World Bank.

Sir, that funding is to assist in being able to bridge the deficit and we would welcome an update whether the Government believes that they are going to be in a position to honour its own medium-term fiscal strategy in terms of those funding arrangements that strategy spoke to.

Mr. Speaker, the truth is that this recession has been characterised equally by the under-performance of the productive sectors. Indeed, even though tourism has grown 1.4 per cent in the first quarter of this year, the revenue from tourism is still down by 5 per cent.

Sir, that is where it matters, because that is what will contribute to Government's ability, first and foremost, to be able to earn the level of foreign exchange and secondly, to the individual enterprises, within the tourism sector, that are required to be able to keep people working and for us to go forward.

Mr. Speaker, the truth is, as well, that manufacturing continues to be under pressure. Agriculture continues to be under pressure and, perhaps, this is as good a time as any, to signal our deep concern in respect of the sugar industry. We too, are aware that cane farmers have been forced this year to produce at a cost on or about 98 tonnes of canes but the money which they are getting from Barbados Agricultural Management Company was originally set at \$50 and I believe it has now been moved to \$56.

The truth is, there is deep concern in the industry which has to be urgently addressed because, by later this year, farmers have to make decisions about whether they would continue. Last year, there would have lost as well. They would have received \$70 a tonne with the production cost up in the nineties as well and, to that extent, my concern is that we are going to need an urgent intervention whether in the form of the Budget, or some other kind of mechanism, to be able to stabilise many of the things that are happening across the productive sectors.

Mr. Speaker, while we understand and appreciate the comments of the Prime Minister in relation to the

continuous spending review, while that would sort out Government's fiscal affairs, the truth is, that Government's revenue performance, ultimately, is going to be contingent on the recovery of the productive sectors in the economy.

Sir, at the same time, these prices have been characterised more by underemployment rather than straight unemployment alone, and it is only for so long that households or businesses can continue carrying the strain and, equally, there may have been some level of intervention.

Mr. Speaker, if I take each one on its own, I think that it is fair that all of us in this House would want to thank and congratulate the private sector for holding the strain, but it is only so long that you can hold strain. They really have taken a major hit in terms of their savings; in terms of their reserves, and they have tried to keep employment on as long as possible. I think the Queen Elizabeth Hospital has introduced a new phrase for us this week "job sharing", although I am not sure that the Honourable Member for St. James South wants us to use that word.

Asides.

Hon. Miss M. A. MOTTLEY: In fact, that is true, he does share his job and to that extent he may want to replicate it for the members at the hospital but, Sir, on a serious note. Sir, the truth is, you can only hold strain for so long. You can only draw on reserves to the extent that they exist and we have now had almost 20 months of pressure and, to that extent, I believe that the Government has to confront the reality that the health of individual enterprises is going to have to be addressed by some kind of urgent intervention to be able to preserve those enterprises such that when growth can return to this economy they are in a position to exploit that growth.

Mr. Speaker, at the level of the household, if you were previously working five days a week, and you are working two days or three days a week, you are going to have problems unless you had significant savings because you have a reduced income and you have an expanded set of costs because of increases in the cost of living over the last two years. Sir, to that extent, we have now not only to be concerned with the unemployed but with the underemployed and, therefore, the growth of the working poor.

Mr. Speaker, in the area of manufacturing, there is going to have also to be a recognition as to which sectors truly can make it through this crisis. Sir, in the area of international business, we have lost competitiveness in terms of our Treaty relationships with Canada and

China. Therefore, in my view, there is going to have to be a restructuring of the business model and, Sir, if I

may, with the example of China explain what I mean very quickly.

The truth is that Barbados did well with the China Treaty. When investment flowed into China there was a loophole in the sense that we have no capital gains tax in Barbados. There is a capital gains tax in China and, to the extent that companies domiciled in Barbados, they were able to avoid the capital gains tax in China because the Treaty provided that companies domiciled in Barbados would be taxed in Barbados.

Sir, in October 2007, the Chinese signaled to us that they wanted to change the Treaty arrangements. I would have travelled to China to meet with Madam Wu, who was one of the Vice Premiers, to indicate that we wanted additional time in order to restructure our business model. Mr. Speaker, it is clear to us that China has tremendous surplus capital and that what we needed to be doing was focussing on attracting business out of China from outward investment to the rest of the world.

I am not sure that the Government has put that change of a business model in place, or that Invest Barbados is in a position to exploit it and, therefore, if nothing is done to change the business model, then there would be diminishing returns out of the Barbados/China Treaty.

Sir, all we are asking to do is to treat that Treaty in the same way that we treat the Barbados/Canada Treaty, where Barbados is the domicile of preference for outward investment to the rest of the world by Canadian corporations.

Mr. Speaker, when we look across the various productive sectors, it is clear to me that we need urgent intervention on the part of Government, at this stage, in order to ensure that we can stabilise those sectors and that we can provide the relief that is needed to those entities who must be allowed to survive this crisis and the malaise that has enveloped.

12:40

There is a sense, unfortunately, in each of the productive sectors that not much is happening. I say this only for the benefit of the Prime Minister, because I am sure that he can give instructions that more needs to happen in relation to the various productive sectors.

There is a sense that there are a number of bottle necks, and to that extent I believe that if we are to address the clear message that the market is sending us, by moving from 8 per cent to 12 per cent on this loan, that there is going to be a change around in the course of business, and to the extent that that is necessary, the Government will

have to treat to the interventions in the productive sector and the wider economy, in the same way that the Prime Minister has indicated that they are treating to the issues of spending within the Government Service.

We also believe that there are some issues in relation to other productive sectors that ought not to be put on the back burner. I am not sure whether they are on the back burner because too much is going to one person, namely the Minister of State in the Ministry of Finance; the issues of offshore energy, the issues of international business and the issues of the sugar industry. Those bottle-necks are of serious concerns to us because those sectors will have to help take some of the burden off of tourism.

I believe the Minister of Economic Affairs was very fulsome in his language on Sunday evening in relation to those comments, as it relates to the restructuring of the economy, what was in fact happening, and the lack of performance across all sectors.

Sir, the loan arrangements, in truth and in fact with Scotia Bank - I agree with the Prime Minister, it would have been unacceptable for this Parliament in the context of a bridging facility to seek to lock in Scotia Bank into the \$200 million loan in circumstances where we would not have got an idea whether we would get better terms or not in relation to that loan facility, but we are deeply concerned about the cost. While the reserves are continuing to appear to hold, they are holding in the context of the fact that US\$120 million was borrowed last year; US\$90 million was brought down on the special drawing rights, and this US\$100 million would stabilise.

Sir, the fact, as the Prime Minister indicated at the beginning of his speech. Sir, when you look at the Government sinking fund, at the end of March it was \$380 million, which is more than enough to pay back this \$200 million, but it is clear that the Government does not want to draw down the reserves. I have no difficulty with that. Hence the rolling over of this loan and the pursuit of the other \$200 million, but the message implicit in all of that comes back to the performance of the productive sectors, that we have now for two years had to borrow to keep our reserves at a comfortable level, largely because the productive sectors are not performing at the rate at which we would like.

I would simply like to say - Mr. Speaker, I do not intend to delay the House today. I am aware that there is a Special Sitting of the Senate. I am aware that what is at stake will require us to have these matters Gazetted on Monday, such that the arrangements can be put in place so that Barbados does not default on this loan because of the absence of legal arrangements in place. I regret that these things have happened in the time lines that they have happened, but such is life. I want us all in here to reflect on

the fact, that the instability internationally would only affect us if our underlying fundamentals were not as strong as they should be. I do not think that any of us take any joy in that fact.

The truth is, there will have to be serious discussions and serious interventions to reposition the economy and to restructure Government in this country if we are going to deal with those underlying fundamental problems that have presented themselves. It is not easy, but it can only be done by proactive policies and not by serendipity and hope.

Sir, to that extent, we will not object to the passing of this Resolution for the bridging loan, but we do urge on Government that there does need to be an urgent intervention in the productive sectors. There does need to be some kind of indication when the Budget is likely to come, if that is going to be the mechanism you are going to use for the intervention, or whether you are going to have other mechanisms that are not traditional for the intervention that your own Medium-term Physical Strategy suggested is necessary in order to make the adjustment in 2010-2011, when you look at the figures that have been put in place in 2010-2011. So we await that and we hope that information can be shared with the House.

I am obliged to you, Sir.

Mr. SPEAKER: The Honourable Member for St. John.

Hon. D.J.H. THOMPSON: I thank the Honourable Member for St. Michael North East for raising some of the issues that she raised. Perhaps I should start by reminding the House that this debate probably would not have taken place, had the then Government listened to the advice of the Opposition that it did not need to borrow the money when it was borrowed. This loan is what the Honourable Member for St. Peter called a rainy day loan. He borrowed \$100 million for a rainy day. We paid the interest on that which some would argue, and I am not being contentious, but there are some people who would argue that the interest paid on that loan could have gone to bolster the same productive sectors, or could have done something in tourism. We might have had some money now to have another Tourism Relief Fund, to extend it. We might have had even more money for small business on top of what we have increased it by...

Asides.

Hon. D.J.H. THOMPSON: ...and had to take money from other sources.

In a sense we borrowed money that we did not need to borrow. In these circumstances, we are only going to borrow if we need to borrow. It means that we have to

watch the market. Obviously, we wanted a 30-year loan. When we went to New York, you can ask your name sake and relative - I do not mean that in a negative or pejorative way.

Asides.

Hon. D.J.H. THOMPSON: The former Minister of Finance in Trinidad, they were all of the view, Barbados, look, you can buy this bond and put it in your back pocket, you are a safe investment, but I believe that if the Minister of Finance of Greece had gone in the room after me, they would have given him a 40-year loan based on what was happening in Greece at the time. If the Minister of Finance of Iceland had gone in there three years ago, I believe that the entire bank would have shut down to facilitate loans, and we know what happened in Iceland, Lithuania, Hungary, all of which are currently in International Monetary Fund programmes.

Sir, the fundamentals of the Barbados economy are issues which we debated for a long time. Yes, there are weaknesses. Nobody would ever deny that. I believe that these should have been addressed as far back as 1994, with the structural adjustment programmes. Some things were done and some things were not done. If we had followed through on the sugar reforms then, we would not still be having the same kinds of discussions. Can you imagine that 16 years later we are having the same discussions?

12.50 p.m.

The same discussions I was having with sugar producers over the price for growing sugar cane in Barbados, exporting it on a model that we had long decided 20 years ago was not sustainable are still taking place. The same argument about stretching out the sugar producers, stretching out the farmers, not telling what the price is up-front and every year, as the sugar industry has dwindled in significance, people still pretend to be able to exercise the same leverage that they had in 1838.

Asides.

Hon. D.J.H. THOMPSON: There are proposals to move the sugar industry from a sugar producing industry, a cane industry and so on, which are being worked on. Obviously, there are costs involved in that exercise and Government has not slacked in that regard. This process is being undertaken. In terms of domestic agricultural production, the Minister of Agriculture has been working assiduously, I believe even the President of the Barbados Agricultural Society would say that there has been some improvement.

In tourism, we have seen a dramatic improvement in the North American market, apparently those things are

like they just happened. There is nothing that we did because the Minister is not on the front page of the newspaper every day, like other Ministers of Tourism all over the world, but the results are there. There is no destination in which numbers are up, in which spending is up at the same time. Tourism spending has contracted worldwide. Therefore, it is a big challenge for us to deal with that, Sir.

I do not think that anybody who went to BMEX would believe that manufacturers in Barbados believe that the manufacturing sector is dead.

Asides.

Hon. D.J.H. THOMPSON: What you would believe is that once again, we are going through the up and down and there will be a spurt of activity and then there will be a trough and then a spurt again. Our job is to try to sustain it now at that level and push it higher but I have seen a consistent improvement. I am glad to see that the furniture people are doing more with the tourism sector and that tough economic times are not always a prescription for hardship and failure.

In fact, tough economic times in Barbados have by and large been the catalyst for people to do things differently because of force of circumstances.

Asides.

Hon. D.J.H. THOMPSON: Sir, what I see happening in the manufacturing sector, I am hoping will have that effect in the tourism sector. When we made the decision to go with the Twenty20, it is true the Opposition did not criticise it, but people felt it was a big gamble. It paid off tremendously. Sports tourism for Barbados has been extremely successful and I believe can be even more successful. Almost every day there are new initiatives being undertaken in the sports tourism sector.

Sir, what we need now to focus on more - I believe the Minister agrees with me but the country needs to buy into it - is the issue of entrepreneurship.

Asides.

Hon. D.J.H. THOMPSON: The opportunity for the formal private sector and the Government to create new jobs is not going to be there, every additional resource that Government has at its discretion needs to go towards building the entrepreneurial base of this country. It will have salutary benefits because it causes citizens who are otherwise disaffected to buy into your economy and society, in a way that they do not when they are employed by Government or employed and getting a salary. They can see the results of their intellectual pursuits whether it is

handicraft, whether it is in the services sector or whether it is setting up a new business to provide some activity that does not exist. I believe that is going to be critical.

You will even find that many people, who are currently in salaried jobs in Government and in the private sector are going to turn to entrepreneurship more and more and encourage other members of their family to be involved. I have seen it happening and I believe that it can happen more significantly.

The final point I want to make, apart from the loan itself, and I believe most of what the Members said made sense, we have to restructure our debt which is something that is going to take time but the most important point relates to business bottlenecks. Sir, Only yesterday - you are not supposed to say what goes on in Cabinet so I am not telling any tales, Mr. Speaker, but there was no Cabinet Paper on it - the Cabinet spent probably two hours out of the time we met, talking exclusively about the elimination of bottlenecks in the Corporate Registry, the professional services, the International Business sector, in every area of activity.

We all recognise that is a major challenge and it requires even more than the Honourable Member for St. Michael North has suggested because that actually requires substantial public sector reform, private sector reform and a reform in attitudes in this country towards the delivery of service.

Asides.

Hon. D.J.H. THOMPSON: Yes, people's attitudes and the way they respond. This is at the heart of our challenges and I believe it is something that we need to address more assiduously. I also believe that we actually agreed outside of the Cabinet, at the level of the Party to disengage and sit down and simply talk about how we can come up with a regime; because our Manifesto spoke very clearly about removing basic irritants that people face daily in Barbados, in terms of going about business and that kind of thing. We all know about them and we feel powerless, even Ministers of Government feel powerless.

Mr. Speaker, the Public Service structures, Members of the Opposition, supervisors, everybody has adopted this attitude that they are powerless to do anything about it, largely because what we want to do is apply sanctions and sanctions are not going to answer that challenge. It has to be a larger national effort, in which everybody feels engaged to give of their best, regardless of the circumstances, to do a fair day's work for a fair day's wage in which leaders assume leadership positions and help others solve problems, rather than adopt attitudes that are draconian and only sanctions based.

In addition to that, there is a system of discipline throughout our society that governs matters and people have a strong sense of what is right and what is wrong. I believe that, as I said, those matters probably we are going to have to step back and look at them as part of our commitment to Barbados that we are building not just an economy but a society, because people are not machines or robots. They are human beings and they get up with different states of digestion, different challenges at home, different challenges to go home and meet.

We need to be sensitive to those circumstances and we need to have structures of governance that can adapt to those challenges that they face as individuals and then work corporately towards the achievement of our goals.

13:00:15

Mr. Speaker, in that sense, there is no divide on the issue. I believe that as part of the process of restructuring and taking Barbados out of the current economic crisis that issues like this are going, by force of circumstances, to have to come to the fore as part of the mission of this Government.

With those few words, Sir, I thank you and beg to move that this Resolution do now pass.

Hon. F. J. STUART: I beg to second that, Sir.

Mr. SPEAKER: I am obliged.

The question that the Resolution do now pass was put and resolved in the affirmative.

ADJOURNMENT

Hon. C. P. SINCKLER: Mr. Speaker, this brings us to the end of Government Business. As you know, this was a specially convened Sitting and I want to take the opportunity, because I know it was at very short notice, to thank Honourable Members on This Side particularly the Members of the Back Bench for taking the time out to come and, of course, the Leader of the Opposition and her team for graciously working with us on this particular matter. I therefore beg to move that this House do now adjourn until Tuesday, June 15, 2010 at 10:00 in the morning.

Hon. F. J. STUART: I beg to second that, Sir.

The question that the House do now adjourn until Tuesday, June 15, 2010 was put and resolved in the affirmative and Mr. SPEAKER adjourned the House accordingly.

1.05 p.m.

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SINCKLER, Hon. C.P. (St. Michael North West)

STUART, Hon. F.J. (St. Michael South)

THOMPSON, Hon. D.J.H. (St. John)

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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. Suspension and resumption. The Sitting is suspended ‘until 11.45 a.m.’, but the take-slip that follows reads ‘11.15 a.m.’; a time stamp ‘12:10:08’ then appears within the Prime Minister’s opening speech. Printed as in the source.

Q3. Order No. 1, after the Prime Minister’s speech. A sentence recording that the question was put and resolved in the affirmative follows the Prime Minister’s motion and the seconder, before the speech of Hon. Miss M. A. Mottley; the Resolution is again recorded as passed at the end of the debate. Printed as in the source.

Q4. Order No. 1, title. The title of the Resolution is split across three lines in the source, the last part (‘DUE ON THE 15TH JUNE, 2010.’) being set as a heading. Printed as in the source.

Q5. Order No. 1, speech of Hon. Miss M. A. Mottley. The source reads that cane farmers ‘have been forced this year to produce at a cost on or about 98 tonnes of canes’, presumably a cost of about \$98 a tonne. Time stamps (‘12:40’, ‘13:00:15’) also appear as paragraphs in the debate. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met on Friday, 4th June, 2010 at 10.10 a.m. for its Sixty-Sixth Sitting, with Mr. Speaker in the Chair. Because of a problem with the air-conditioning the Sitting was at once suspended on the motion of Hon. C. P. Sinckler. On resumption the Minutes of 18th May were confirmed, and Mr. Speaker announced receipt of the Accounts and Statements for January 2010 and the Report of the Auditor General on the Financial Statements of the Government for 2008 to 2009. Standing Orders were suspended, and Order No. 1 was withdrawn and replaced by a newly circulated Resolution.

The Prime Minister, Hon. D. J. H. Thompson, first thanked Members and Barbadians for their good wishes

and prayers during his illness. He then moved the Resolution to borrow US\$100 million from Deutsche Bank AG London to redeem the US\$100 million 8.75 per cent notes due on 15th June, 2010. He explained that after the House approved the raising of US\$200 million in April, turbulence in the international capital market, including events in Greece and Jamaica, had made it unwise to issue the bond at once, so a bridging facility was needed. ScotiaTrust and Merchant Bank had made the most competitive offer at an indicative all-in rate of 4.65 per cent, but had then asked to be appointed co-manager and book runner on the US\$200 million bond, which the Government found unacceptable; Deutsche Bank, already the lead manager, had agreed to lend at three-month LIBOR plus 400 basis points, an indicative all-in rate of 5.04, at half the arranging cost of the original offer. He undertook to keep the House informed before going to the market for the larger borrowing, and said Permanent Secretaries would review spending each quarter.

Mr. Speaker welcomed the Prime Minister’s return on behalf of the House. The Leader of the Opposition, Hon. Miss M. A. Mottley, joined in those wishes and said the Opposition would not object to the bridging loan, but argued that the economy’s fundamentals were not yet strong enough, that the economy was still in recession and that funding of \$80 million from the Caribbean Development Bank and \$60 million from the World Bank assumed in the medium-term fiscal strategy had not yet materialised. She said tourism had grown 1.4 per cent in the first quarter while its revenue was down by 5 per cent, raised the plight of cane farmers, whose price from the Barbados Agricultural Management Company had moved only from \$50 to \$56, called for a new business model for the Barbados/China Treaty, and noted that US\$120 million had been borrowed in the previous year.

In reply the Prime Minister said the debate would not have arisen had the then Government not borrowed the \$100 million, which the Member for St. Peter had called a ‘rainy day loan’, when it was not needed. He spoke of proposals to restructure the sugar industry, improvement in the North American tourism market and the success of the Twenty20 tournament in sports tourism, and argued that new resources should go towards entrepreneurship and the removal of business bottlenecks through public sector reform. The Resolution was passed.

Hon. C. P. Sinckler thanked Members, including the Leader of the Opposition, for attending a Sitting convened at very short notice, and the House was adjourned until Tuesday, 15th June, 2010 at 10.00 a.m.