
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2008 – 2013

HOUSE OF ASSEMBLY

Monday, March 14, 2011

met at 10.10 a.m. on Tuesday, March 8, 2011.

PRESENT

His Honour MICHAEL A. CARRINGTON, B.A., LLB. (Speaker)
His Honour KENNETH ST.C. BEST, LL.B. (Hons.), L.E.C.
(Deputy Speaker) Mr. G.W. PAYNE, Q.C.
Mr. RAWLE C. EASTMOND, B.A. (Hons.), Dip.Ed., LL.B.
(Hons.) (Lond.,) LL.M. (Leic.), J.P.
Mr. G. A. CLARKE, B.Sc., Dip. Ed., J.P.
Mr. R. St.C TOPPIN, LL.B. (Hons.)
Hon. DENIS ST.E. KELLMAN (Minister of Environment, Water Resources Management and Drainage)
Hon. Miss M.A. MOTTLEY, Q.C., LL.B.
Miss CYNTHIA Y. FORDE, J.P., L.C.P.
Hon. RONALD D. JONES, J.P., B. A. (Hons.) M. A. (Ed.) (Minister of Education and Human Resource Development)
Dr. the Hon. DAVID C. ESTWICK, B.Sc., M.B.,B.S.
(Minister of Agriculture, Food, Fisheries, Industry and Small Business Development)
Mr. DALE D. MARSHALL, Q.C., LL.B (Hons.), L.E.C.
Hon. M.A. LASHLEY, LL.B. (Hons.)
(Minister of Housing and lands, Urban and Rural Development) Dr. WILLIAM F. DUGUID, B.D.S. (Comm.), F.D.S., FDRCS. J.P.
Hon. R.L. SEALY, B.Sc., M.B.A. (Minister of Tourism)
Hon. FREUNDEL J. STUART, B.A., LL.M. (Prime Minister,
Hon. JOHN D. E. BOYCE, M. Sc. C. Eng.,

Minister of Transport and Works), (Leader of the House) (Minister of Transport and Works)
Hon. E. GEORGE HUTSON, F.C.C.A., C.A.
(Minister of International Business and International Transport)
Hon. STEVEN D. BLACKETT
(Minister of Social Care, Constituency Empowerment and Community Development)
Mr. JAMES D. PAUL, B.Sc.
(Chairman of Committees)
Dr. the Hon. DENIS S. LOWE, Ed.D., M.Ed., B.A., Dip. Theology,
(Minister)
Mr. ADRIEL D. BRATHWAITE, LL.B. (Hons.)
(Minister of Home Affairs, Attorney General)
Mr. STEPHEN A. LASHLEY, B.Sc., LL.B. (Hons.), L.E.C.
(Minister of Youth, Culture, Sports and Family)
Hon. PATRICK M. T. TODD, B.Sc.
(Minister of State, Ministry of Housing and Lands, Urban and Rural Development)
Hon. DONVILLE O'N. INNIS, Dip., B.Sc., M.B.A.
(Minister of Health)
Hon. CHRISTOPHER P. SINCKLER, B.A., M.Sc.
(Minister of Finance and Economic Affairs) Dr. the Hon. ESTHER R. BYER-SUCKOO, M.B.,B.S.
(Minister of Labour)
Mrs. M-J. MARA THOMPSON, B.A., M.sC. (Ph. Ed.)
Prayers were taken by Reverend Canon Ivan Harewood.

MR. SPEAKER: This House is now in Session.

2009.

Mr. SPEAKER: This House is in Session.

MINUTES

Mr. SPEAKER: Honourable Members, we are not yet in receipt of the Minutes and therefore I ask that the Minutes be deferred.

Hon. J.D.E. BOYCE: Sir, I beg to move that the Minutes be deferred.

Dr. the Hon. E.R. BYER-SUCKOO: I beg to second that, Sir.

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

PAPERS

Hon. C. P. SINCKLER: Mr. Speaker, I am commanded to lay the following:

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. J.D.E. BOYCE: Mr. Speaker, I beg to move the suspension of Standing Orders, 6,16,18,20,42(5), 43 and 44, be suspended for the rest of this day's Sitting.

Dr. the Hon. E.R. BYER-SUCKOO: I beg to second that, Sir.

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

GOVERNMENT BUSINESS

ORDER NO. 6 – APPROPRIATION BILL 2011

Mr. SPEAKER: The Honourable Member for St. Michael North West.

Hon. C. P. SINCKLER: Mr. Speaker, in compliance with Sections 108 and 109 of the Constitution of Barbados, I rise to move the second reading of the Appropriation Bill 2011/2012. In doing so, I am mindful of the fact that this will trigger a week-long discourse on the social, economic, political and even cultural priorities, not just of the Government of Barbados but of every citizen, business and institution, in this country.

Sir, it is through this exercise, above all matters that this House is called upon to adjudicate that the nation gets a true sense of the shape, direction and extent of the impact of policies which their Government intends to implement. Sir, in this regard, the Appropriation Bill and the accompanying Estimates of Revenue and Expenditure can

be characterised essentially as the Budget of the Government of Barbados, embodying in one part, Government's overall Fiscal Policy Framework and in another part, its road map for the facilitation of Government's programme of activities for the continued development of the nation, but as Honourable Members, and you too, Mr. Speaker, would no doubt concede, no plan however brilliantly conceived, or cleverly designed, would reduce the benefits of its objectives if it fails to take cognizance of the realities that surround its implementation.

Sir, it must not only be credible and relevant, but it must also be flexible enough to allow for appropriate adjustments to suit the every changing environment in which it is cast. It must do so while maintaining its basic characteristics and objectives.

Mr. Speaker, I make bold to say to this Honourable House this morning, and of course to Barbados, that this Appropriations Bill and the Estimates of Revenue and Expenditure for the next financial which I now present to this Honourable House are both credible in conception, relevant in design, and will be flexible enough in the course of their implementation to take cognizance of the environment in which we cast. It must do so while maintaining its basic characteristics and objects.

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Sir, allow me to cast this presentation therefore using these three sign posts as guides to fulfill the understanding of this House and of Barbadians in general as to the context within which this plan has been crafted.

Last November, in my presentation of the Financial Statement and Budgetary Proposals, I alerted the country to the myriad challenges that threatened the ship of State as it navigated the turbulent waters of what is now conservatively being referred to as the greatest financial and economic crisis in living memory. I recalled at the time the realities of the impact of the fallout from the global recession characterised as there were and still are by wrecked economies, widespread business failures, massive job losses, and a deep loss in consumer and producers confidence had taken root right across the world and indeed here in Barbados. Sir, these conditions in themselves spawned the wave of expansionary fiscal policies, as Governments the world over literally fought to keep the very social and economic fabric of their countries together.

Mr. Speaker, Barbados has been no exception and the impact of the global recession, especially on the major trading partners, led to a devastating knock-on effect in the homeland, which resulted in 2009, in an economic decline of mere 5 per cent.

It contributed, as you know, to an unacceptable rise in unemployment as businesses hurting from the loss of activity were forced to address payrolls. It led equally to an unwelcomed decline in foreign direct investment as investors and indeed in other places, the Caribbean, Europe and the United States chose the proverbial wait and see attitude towards investments.

Sequence 1

The net result of all this, Sir, was that Barbados not unlike those of us in the Caribbean and in other parts of the developing world was plunged, head first, into a deep and potentially dangerous recessionary condition. It was a situation that begs, Sir, for consistency of expression, political credibility, relevance and the ability to adapt to changing circumstances. In Barbados all responses to this scenario made for contrasting comparisons.

At the beginning of the recession, Sir, we received counsel, wise or unwise from the Opposition Barbados Labour Party that when something like this. They said, implement a large stimulus package, do a counter cyclical fiscal policy, including a massive tax cut and the continuation of decentralisation of fuel prices to Barbadians. They said, Mr. Speaker, if you recall in this House and elsewhere, “you have copious resources in the reserves, spend them and flood the market with money, it will keep aggregate demand up and cause a growth in the economy, even as there is a falloff in the traded sectors.”

Then, Sir, in the middle of the recession, as Government signaled its intent to stem the financial hemorrhaging brought on by heavy revenue declines in income on profits, corporate profits, trade and commercial activities, and the increase in spending in the economy to keep it afloat, the Opposition changed once again and indicated to this Government, “those cuts are too deep, too sharp and in too short a space of time.”

Indeed, I remember distinctly, Mr. Speaker, in the last Estimates debate, the then Leader of the Opposition and her colleagues making it abundantly clear that the course of action identified in the Medium-term Fiscal Strategy was too sharp, too short and too much to be contained within the Barbados economy. They said the Medium-term fiscal Strategy will devastate the Barbados economy and cast the entire country into the abyss.

Moreover, Sir, at the height of the recession when the deficit problem was at its largest, in the public finances

of the country and when as the Minister of Finance I signalled last November, in the Financial Statement and Budgetary Proposals, Government’s intent to address this issue the Opposition, Sir, under new but albeit not necessarily better leadership, indicated to the Government as they shouted from the roof tops, “you have to make deeper cuts in expenditure if you want to balance the budget. Form a national commission and give yourself the cover so that you can start butchering Government’s public accounts.”

Of course, Mr. Speaker, hidden behind all this, unspoken in word but definitive in intent, was the Opposition’s desire to have this Government send home public workers and trigger a socioeconomic crisis in Barbados. Sir, that was their secret road map to an electoral victory but while the Opposition in true comedian style changed face on these matters with every passing opportunity to win favour with the electorate of Barbados, we stood firm both to word and to purpose. We indicated to the people of Barbados that we would protect jobs as far and as long as we could.

Mr. Speaker, I am happy to say this morning in this Honourable House that we have done so. Yes, there has been a rise in unemployment but we could not have composed policies better suited to containing that unemployment rate than what we did because we understood the necessity of the relevance of the policies which we needed to ensure that there was no widespread, massive and mass based layoffs in this country.

Sir, the integrated scheme of concessions, ranging from direct subsidies and concessions on statutory financial obligations to ease cash flow, to the initiations of stimulus programmes in housing, road construction and other infrastructural work, all work to put the breaks on a potentially calamitous situation. We said, Sir, again that we would work assiduously to halt the decline in the Barbados economy and return it to positive growth as quickly as was humanly possible in the circumstances. Even in the toughest of circumstances, Sir, we deduced that if we could keep the domestic economy ticking over while we aggressively went after a return of growth in the traded sectors, particularly tourism that we could craft a response that at worse, would halt the heavy declined experiences in 2007 and at best restore growth in the sectors by 2010.

Mr. Speaker, I am happy this morning to say that the out turn figures for 2010 for the Barbados economy, which I will share with this House very shortly will show that our policy response of aggressive marketing and partnership building in traditional tourism markets, while diversifying our business to do capitals, and all this of course under the able leadership of the Honourable Member for St. Michael South Central, the Minister of Tourism and his team at the

BTA and the Ministry has begun to bear edible fruit as the global recession slowly abates.

Asides.

Hon. C.P. SINCKLER: Mr. Speaker, the Honourable Member for St. Michael North as usual is not here but when he was here on those occasions, he repeatedly made the point in here and elsewhere when tourists numbers were down, you are not getting anybody, you cannot get anybody to come to Barbados. Look at the Bahamas, look at Jamaica, look at Grenada. Now when the Minister of Tourism used his best intent, intelligence and purpose to pull his team together with an integrated strategy to attack, as I said, both the traditional markets and non traditional markets, the Honourable Member for St. Michael North indicated that he was wasting time, you need to get into the British market.

Mr. Speaker, now that the tourists have begun to come the same Honourable Member and his colleagues are now indicating, "oh, do not mind the numbers that are coming, record as they are for January, massive as they are for February, do not mind the tourists coming, they are not spending anyway when they come to Barbados". Sir, the Honourable Member was forgetting that you cannot get a fellow to spend, if you cannot get him and that this Government has gone out and produced growth in the US market, the Canadian market and has stopped the decline in the British market to the extent, where for the first two months of this year, we have seen the turnaround in that market, to the credit of the policies of this Government, the steady, focussed and determined policies of this administration.

Sir, we said that the over-extension on the financial side, albeit with the purpose of holding the country's socioeconomic fabric together, needed to be urgently addressed as to restore financial manageability in the public accounts. In this regard, we crafted a Medium-term Fiscal Strategy to serve as an integrated and credible response to the changing dynamics of the international and domestic financial situations, and began implementing it from around mid-year last years. These policies, Sir, were further augmented by the measures I identified and outlined in last year's Budgetary Proposals and Financial Statements.

ESTIMATES - House A87, Sequence 02, 10.28 a.m.

Mr. Speaker, this was no fly by night policies designed at the last minute like instant coffee in the schoolyard at Sharon Primary School and belched over the airwaves by people who should know better. It was a policy that was crafted by the officials in the Ministry of Finance and Economic Affairs and the Central Bank. These

are the same officials who advised the Right Honourable Member for St. Peter and his team when he was Minister.

Sir, do you know that the Opposition went all over Barbados giving the impression that the International Monetary Fund had written this policy and given it to us in some envelope in an airport thereby disavowing the talent of those persons who serve us on a daily basis and served them as well?

Sir, that is another point but we will get to that later because I know exactly why there is this disdainful attitude to public servants by the Opposition now that they are in Opposition. Mr. Speaker, I am going to let that wait until Wednesday because I am going to have an opportunity to wrap up this debate and I am going to show how good public service advice is never accepted to the detriment of the taxpayers of this country. The Honourable Member for St. Peter is searching his mind, he ha only has two days to wait, it is coming later.

Mr. Speaker, our efforts at stabilising the Barbados economy have caught hold. Our desire to restore growth is being met and our commitment to returning to balance budgeting is well on the way. Sir, even as we report progress in our efforts at stabilising the Barbados economy and returning growth, we are suitably chastened by the reality that there is still a very long road to travel and that this journey is being made increasingly difficult by the veritable uncertainties of the international economy.

Let me turn, Mr. Speaker, Sir, to some of those issues in the global economy as I report on what has transpired last year. According to the latest International Monetary Fund World Economic Outlook Report, the world economy has emerged from the recession but the pace of recovery is slow, weak, uneven and fraught with risks and uncertainties as seen in rising oil and food prices and continued geopolitical unrest particularly in the Mid East and North Africa. Real growth is expected to be 4.2 per cent in 2011 down from 4.7 per cent in 2010. Economic performance, however, will vary widely. Internal and external re-balancing remains the key for sustainable global recovery. This includes a transition from public to private sector growth in developed economies and a shift from external to domestically driven growth in developing economies. Developed economies are forecasted to grow by 2.2 per cent in 2011 in real terms down from 2.7 per cent in 2010. In the emerging and developing economies, the aggregate rate of growth driven by China, India and Brazil, and I think this point needs to be made, will be along 6.4 per cent down from 7 per cent in 2010.

I think that this point needs to be made, Mr. Speaker, because we have heard repeatedly from the Honourable Member for St. Peter, who I know knows better and therefore when I heard it coming from his lips I knew he

was being driven by somebody else's advice, why is Barbados not growing and why is the Government still blaming the global economic condition for what is happening in Barbados when the world economy grew by 7 per cent last year.

Mr. Speaker, when we play around with these terminologies and these analyses, you have to be very clear. It is true that the world economy grew by 7 per cent but the reality is that the vast part of that growth took place as a result of China, which grew by 9 per cent, Brazil, which grew by over 6 per cent, India, which grew again by over 5 per cent, and the other major emerging economies which are now driving economic growth in the world. Sir, what the Leader of the Opposition, the Right Honourable gentleman from St. Peter did not say, was that growth in our major trading partners was tepid at best and weak as the very underbelly of those economies had not been repaired and has not yet been fully repaired either.

Mr. Speaker, I will give you a classic example of what I refer to. In the United States of America, real GDP is expected, they say, to grow by 2.3 per cent in 2011. For the United States of America, that is extremely marginal growth. Sir, the reality is that while at the macro level the United States of America economy might get growth, when you put on your binoculars and look across what is happening in the states in the United States of America, you would see a whole set of states within the United States of America, Wisconsin, Iowa, Chicago and Illinois, whose economies are wrecked and out of balance to the extent, and this is the point, where in states such as Wisconsin they are now turning back the hands of time and stripping unions of their ability to bargain collectively just to balance a budget. That is why we say that you must applaud the Minister of Tourism and this Government because the reality is that tourists from the United States of America do not come out of a pen somewhere, they come out of states, they live in states, they do not live in Washington D.C., they live in separate states and they travel. While the macro economy in the United States of America is supposedly growing, in their states, right down the line massive budget cuts have been occurring because those states economies have been wrecked.

California the sixth largest economy in the world cannot boast of any particular benefit from the management of their economy. In fact, they are no worse now than Mustor Shop down at the bottom at the Broad Street, which the Honourable Member for St. Peter knows very well. The economy is wrecked. In fact, I travelled through California last summer and, you understand what has happened, they had to put out public notices to tell people to turn off the electricity at midday for two hours so that they could conserve energy and help bring down the bill both of the individual citizens and of governments and businesses as well. This is the extent to what is happening in the States.

House A87 Sequence 3

Mr. Speaker, there are people in Barbados who want to give the impression that life is so bad; life is hard, we agree, but it is not as bad as people trying to make it out to be and the scarce tactics and rumour-mongering of the Opposition is simply not going to cause us to lose focus on what we need to do.

Sir, the economy of the United States of America grew by 2.3 per cent, they say, and the Canadian economy will get gains of 2.7 per cent. Again, in terms of a developed economy, is marginal growth. Therefore, we have to look at a situation because the jobless recovery will continue to the extent that the United States of America will not be able to get its unemployment figures down to much more than 9.5 Gross Domestic Product. That is what they predicted.

Asides.

Hon. C. P. SINCKLER: It is not 8.7 per cent, it is at 9.5 per cent. Sir, the British economy, our largest provider of tourists to Barbados, continues to struggle to the extent where last year for the last quarter analysts in Britain were predicting that the British economy would grow by 0.5 per cent. When the figures were released in January that turned out to be -0.5 per cent. Why was that? Sir, it was not only because of the harshness that people were trying to say and rooted it, it was because the British Government implemented a harsh fiscal policy arrangement that would see massive cuts in social spending, the retrenchment of 500 000 public workers over two years and increases in the VAT. These are countries from which we have to draw our tourists to Barbados. Sir, these are the realities in which we are operating. Indeed, for this year they are already revising the growth figures downward, from 3.5 per cent originally anticipated, to 2.6 per cent during the course of 2011.

Mr. Speaker, Western Europe is not much better, the forecasted growth will rise by just 1.7 per cent. Thereafter, growth is estimated to decline in 2012 to 1.4 per cent. This goes for countries such as Greece, Portugal and Spain. Sir, right here in the Caribbean - these are our trading partners - the Caribbean Development Bank in its last review for Caribbean economies for 2010, and I quote:

"In the Caribbean the prospects remain tenuous at best and troubling at worse. The Caribbean Development Bank believes that in 2010 economic conditions in the Caribbean remain depressed, even as the world economy rebounded from 2008/2009 recession. While the global recovery has largely been driven by growth in developing and emerging economies, the recovery in the more advanced economies [as I have indicated] have been slow and tepid. The regions main source market for tourism, investments, flows, and remittances remain muted.

Consequently, despite a resumption in growth in key sectors aggregate output in most regional economies will continue to be slow in recovery. Of the Caribbean Development Bank 18 borrowing Member Countries, 12 recorded contractions and 6 recorded growth in 2010. Among the 12 Member Countries, contractions were recorded in Barbados, Jamaica, Dominica, Trinidad and Tobago, all under 1 per cent; moderate in Grenada and St. Vincent and the Grenadine of a decline of -3 per cent and ranges of declines from 3.9 to 8.5 in Anguilla, Cayman Islands, Montserrat, Antigua and Barbuda, St. Kitts and Nevis and Haiti.”

Mr. Speaker, 12 countries, ranging from Jamaica to Haiti, including Dominica, Trinidad and Tobago, St. Vincent and the Grenadine their economies declined.

Mr. Speaker, if you listen to Opposition Members, you would wonder if the policies of the Democratic Labour Party were implemented in those countries. Mr. Speaker, the Opposition Members blame us for generating this recession, as they blamed us for the global recession, so the policies of the Democratic Labour Party are to be blamed for the declines in Grenada, St. Vincent and the Grenadine, Haiti and every part of the Caribbean. Mr. Speaker, the policies of the Democratic Labour Party have crossed borders, it has contagion and so we are responsible for declines in those countries. Mr. Speaker, it is said that we do not know what we are doing, that we do not compose economic policies because we do not have an “economic dream team” and so we are to be blamed for all these problems in our neighbouring countries in the Caribbean.

Mr. Speaker, worst yet, the Caribbean Development Bank has warned that:

“The regional outlook for 2011 will hinge mainly on the external developments [and whether those concord with our policies in terms of growth.] In this regard, the fact that downsize risks continue to exist and will be elevated because of rising oil and commodity prices, there will be a lingering weakness in many regional economies for which it will take a determined effort to overcome.”

Mr. Speaker, this is the reality which we are facing and which we had with most of our trading partners, people with whom we rely on for tourists, to whom we export goods and services, indeed, in relation to the Caribbean with whom we have interlocking relationships. That can impact on our economy to certain large extent. Therefore, we have to be honest with the people of Barbados, we have to be clear and definitive. We have to give Barbadians the facts. It is all right to make political statements. Sir, we see the role of the Opposition is to oppose but they see their role is to oppose everything. Therefore, we understand that but we know they have to get serious when they are dealing with the public of Barbados and give them the facts.

Mr. Speaker, in that regard, I am aware that even as the macro signs in the world’s economy point to some continuation of growth, there exists a soft underbelly of issues which portend to pose severe challenges to several economies, including Barbados and its major trading partners. Mr. Speaker, this could have serious implications for growth in the midterm. Therefore, with your indulgence, I propose to speak to a few of these issues as I set the context for debate within which these Estimates have been prepared.

Mr. Speaker, recent geopolitical events principally in the North Africa and the Middle East have raised concerns, both internationally and domestically, about the possible impact on the fragile growth which has started to emerge in the world economy. This concern is made more real when we consider the fact that even before the crisis, countries were already being challenged by growing from higher oil prices and commodity prices alike.

10.50 a.m.

With these developments, the concerns of higher inflation, and slow growth, both became a reality and, indeed, a possibility. Sir, for small developed countries such as Barbados, our growth and development remains highly vulnerable to external events particularly those that can impact energy prices and our exports of goods and services. As such, Mr. Speaker, when the most recent disturbances started in the Middle East and North Africa, I asked officials in the Ministry of Finance and Economic Affairs to do an analysis of the potential impact of the turmoil on our macro fundamentals and possibly to see how this could push back our expectations for growth going forward.

Mr. Speaker, our main assumption is that the impact will more likely be felt through the movement of international oil prices and, indeed, spill over into various aspects of our economy and, so Mr. Speaker, Sir, bear with me as I go through some of these scenarios.

Sir, based on current opinions, the biggest possible impact of the current turmoil, indeed, of oil prices generally, will be felt in the price of fuel since those countries that are most affected Egypt, Libya, Bahrain and soon even, we hope not, Saudi Arabia - the world’s largest oil producers and who is also a member of OPEC - could likely cause a major disruption in global supply. While these events alone are not seen as fully responsible for high volatility in oil prices because we know what is happening in The Future’s (2:28) Market and the speculative nature of that particular business, they have increased several risks for Barbados and other developing countries. Sir, this is evidence when the latest West Texas intermediate crude oil prices are examined and show that they rose to US\$97.20 per barrel up from US\$80 per barrel by the end of

December. Sir, in other words, between the end of December and end of January, the increase in oil price was almost 20.3 per cent. Sir, that is a massive increase in price.

It is the expectations, therefore, Mr. Speaker, Sir, that prices will move even closer and surpass the US\$100 a barrel point. Indeed, if we look at Brent Oil, the price has already passed that mark and is now trading at US\$110 a barrel as of February 23, 2011. The expectations are that if the Barbados economy is to be affected significantly by the current Middle East turmoil then it will definitely come in the way of higher oil prices which will have knock-on(4:06) effects on increase import prices and, hence, put pressure on our international reserves, put upward pressure on inflation via the retail price index, in particular food and energy prices, increase cost to producers particularly the manufacturing sector and tourism as well and, of course, drive down investment possibilities. Sir, it could also lead to higher shipping and airline travel cost and overall (4:40) lowering of growth in the economy of Barbados.

In addition, the impact on the balance of payments and the reserves will be felt due to, not only increase spending on oil but also a possible reduction in tourism numbers and tourism value-added. Mr. Speaker, Sir, combined, these effects will negatively impact employment and the Government's revenues, which would place constraints on the Government to finance its social programmes and other programmes.

Mr. Speaker, in the absence of detailed knowledge about the possible impact of the crisis on the Barbados' economy, we can make some basic assumptions aided by the use simple statistical calculations. Sir, if we use elasticities to determine the impact of increase prices in oil as per other variables in the economy, we can generate a strong statistical relationship between world oil prices and particular variable, for example, GDP, Retail Price Index (RPI) or inflation, imports, et cetera. Sir, using this analysis, we can construct, and have constructed some baseline scenarios in terms of the impact of energy prices on our economy. Sir, utilising data 1978 to 2010, the analysis examined relationships between international oil prices using IMF data and specially selected indicators such as total retained imports, fuel imports, net international reserves, real GDP and the Retail Price Index. Sir, using a regression (6:49) model - the Honourable Member for St. Peter will explain that the Honourable Member for St. Joseph - using a basic regression analysis, we have been able to show a strong statistical correlation between oil prices, these being fuel imports, real GDP and real Retail Price Index. Sir, based on the information and using the elasticities to which I have referred, we have established that rising oil prices will have a negative impact on real GDP with the effect that a one per cent increase in global oil prices, real GDP could be expected to fall by 0.06 per cent. Similarly, a one per cent increase in oil

prices could raise fuel imports by 1.3 per cent and domestic prices by 0.02 per cent.

Mr. Speaker, we have gone further and we have plotted outcomes in some what-if scenarios that are making some provisional assumptions about further increases in oil prices and its economic impact. (8:15) Mr. Speaker, real GDP. Sir, using recent price movements as a general guide, we have found that an argument can be put forward that it is likely that oil prices by the end of the first quarter 2011 could rise by as much as 7 per cent going forward and, of course, this could even be higher or lower depending on how events turn out when compared to previous quarters. Naturally, Sir, in such a case the impact would be that real GDP could fall by 0.42 per cent using an elasticity of 70 by 0.06, using provisional 2011 first quarter data for GDP, that is, BDS\$286.2 million, then the GDP dollar figure loss, given more intervention from the State, could be estimated at BDS\$1.2 million. Sir, this gets much bigger as oil prices trends up and, of course, become even more difficult for us to contain. Sir, factored into that loss will be the negative impact of key trading sectors such as tourism, manufacturing and agriculture in terms of increase input cost.

Mr. Speaker, in the case of fuel imports, it is expected that any increase in oil prices will drive up fuel import cost and based on the same projection of a 7 per cent increase in the price, and using a generated elasticity of 1.31, then the level of fuel imports could rise significantly by 9.2 per cent before imports projected to be around \$175.9 million at the end of the first quarter, 2011, then the cost of fuel imports could increase by an estimated \$16.2 million to \$192.1 million.

sequence 5

Mr. Speaker, in terms of the secondary effects, this would no doubt have an impact on our net international reserves as it will have an impact on our import bill as well. The point that I want to make in putting out these scenarios is, we in Barbados have to take pause and take stock of the situation, that even as we project increase economic growth for 2011, that resting on much of what will happen in the international economy can now also be undermined by growing oil prices and, of course, by other increases in prices particularly for commodities. It means that we as Barbadians have to be very watchful. We have to conserve energy. We have to ensure that we increase levels of productivity, that we keep the foreign reserves stable, that we try at every turn to ensure that we sustain that level of growth to the extent that we can, from our own domestic efforts, even as we try to bring onboard those changes that would allow for positive output from our trading partners.

Mr. Speaker, when we look across the sectors, manufacturing, higher input costs, tourism, higher travel

costs, agriculture, higher input cost, all of these in terms of their sectorial impact are likely to be hard hit by an increase in international oil prices, and to that extent, we in the Government of Barbados, and certainly in the Ministry of Finance, are keeping close watch on the movement of international fuel prices to the extent where if necessary, we will intervene in the marketplace to provide some level of relief to Barbadians, particularly to those businesses which would likely be hardest hit and impacted upon by increases in prices. We are not there yet. I know there are some people who believe that we should run head first, or jump head first, into doing these things, but we will not return to a situation where we provide subsidises to the extent of US\$80 million that threatened the very survivability and solvency of the Barbados National Oil Company. We cannot afford to do that because the impact and the fallout would likely be even more severe than if we did not do anything.

Sir, therefore we have to ensure that our net international position remains strong and well-managed in the face of higher oil prices and in port costs. We must move to ensure that we are consolidated fiscally through the Medium-term Fiscal Strategy Programme, we must continue to market aggressively our tourism, support our international business sector from the growing threats it faces, and also to ensure that our manufacturers and agriculturalists get the relief where necessary to support a continued growth in their enterprises.

Sir, the second big challenge that I want to speak about this morning pertains to the question of the OECD pay review panels decision on Barbados. Time will not permit me to properly set out all of the issues and the contextual matters pertaining to this, but I am sure that Honourable Members of this House are genuinely seized of the situation, as it relates to the OECD process and their decision not to move Barbados onto a second phase of reviews. Indeed, I know Members of the House are equally seized of the situation as it pertains to the decision by the British Government to categorise Barbados in a so-called Category 3 with countries, some of which are rogue nations in the international community, and certainly not known for their best efforts at tax compliance and cooperation with the international community.

Mr. Speaker, in short, the OECD in their Phase 1 review of Barbados concluded with this: "Elements crucial for achieving effective

exchange of information on tax matters are not yet in place in Barbados. It is recommended that Barbados does not move to Phase 2 of an assessment until it has acted on the recommendations contained in the Summary of Factors and Recommendations to improve its legal and regulatory framework."

Sir, as Members are aware, ever since the last contestation with the OECD on matters pertaining to Barbados' Offshore Financial Section, we have continued to bill out a network of direct tax treaties, which was the policy that both Governments decided should be the policy to follow. We did so based on the fact that even though there were these things called Tax Information Exchange Agreements, or TIEs, as there are called, those TIEs are not worth in many instances the paper there are written on, because they have really no force in law. Sir, what we decided to do that was better, in addition to making changes to our legal and regulatory framework, that we would negotiate double taxation agreements with a tax information exchange provision within those agreements, and so once these were reduced to domestic law and giving the force of law, became binding on those countries, Barbados and the part with which we signed, to ensure that there is proper and transparent information and handling of our tax jurisdictions. Sir, apparently that strategy does not seem to have enticed or satisfied the OECD, and the Pay Review Group, which Barbados participates on. To the extent that their conclusion is that we are not any better than the countries who rushed off to sign a whole set of these TIEs, taking them and putting them in file 13 and forgetting that they were ever signed without an intent of ever sharing any tax information. Mr. Speaker, it really is shameful to be honest. It is shameful.

Sir, it tells us two things. The first point is this. Unlike what we were led to believe by some persons for their own benefit, this tax, OECD matter, was not really over. We heard that the battle was won, that the armour could have been put up and the breast plate taken off, and that all was well. Mr. Speaker, the reality is, it never really ended. It continued and continued and will continue as that goal post shifts from time to time, as countries in the G20, G7, OECD and now even the Financial Stability Board in Washington, made up again of G7 countries and G20 countries, who are themselves putting pressure on Barbados to pull open its tax files so that they can go in and see who is invested in Barbados and who is setting up companies in Barbados, and so on and so forth.

11.09 a.m.

Sequence 6

Sir, the second point is this. Sir, regardless of whatever we may think we are doing and regardless of the fact that we may be standing on perfectly good logic in relation of our view of signing DTAs rather than signing non compliant tails, the reality is, Sir, these people do not care. It is what they want. It is not what we believe or what the rest of the world thinks, makes more sense and stands on logic. It is what they want. They want you to sign tails and therefore you have to sign them otherwise they are

going to black list or grey list or blue list or navy blue list or whatever list to put you on.

The fact of the matter is, Sir, we have concluded in this Government that it is too important a sector, as a major contributor to Corporate Tax revenues to have our international business and financial services sub sector attacked in this vicious and uncompromising way. Mr. Speaker, to the extent that is the case, I am a firm believer that you should not cut off your nose to spoil your face, even though we may be right in logic, even though we may be right on moral and ethical grounds, if it is, Sir, that we want these changes to be made for an unilateral exchange of tax information and they want us to sign tales, then we will adjust the policy but we will fight and defend Barbados' Honour as a safe, transparent, open and properly-regulated tax jurisdiction and we will not recoil from that, Sir. I am happy that the Opposition has joined us or proposed joined us in this particular regard because it strikes at the very sovereignty, the character and the culture of Barbados as a country, and as an independent sovereign state in the world of nations.

Sir, we have made changes, we have brought the matter to the Economic Policy Committee under my Chairmanship, the Attorney General and his team, along with people from the Ministry of Finance and officials in the international business sector have sat down with the Trade Negotiating Team for Barbados and crafted the changes which have to be made. I have signed off on changes in the Regulations to the Income Tax Act and further changes in relation to the Act itself, to ensure that we are allowed for the unilateral exchange of tax information. Mr. Speaker, that will be laid in the House shortly, as will also be laid in this House, amendments to the Income Tax Act to allow for stiffer penalties for non compliance with filing. Sir, they complained about this and to some extent perhaps justifiably so because I think if my memory serves me correctly, Mr. Speaker, the fee for not filing your tax returns, if you are brought before the law court is so small, I think \$100 or something of that nature, Sir, it is really just a slap on the risk so to speak. It was probably in need of upgrading for sometime to come and we are proposing, Sir, to do that as well as to ensure that people can track tax filers, people who file taxation returns so that we can have better tracking. The truth is that right now on the system that we operate, tracking could be a very difficult in the circumstances, as well as to ensure that Barbadians and investors alike, keep better records that can be accessed.

One of the reasons we are doing this, Mr. Speaker, is because it will serve us well, as a Government so that we are on top of our taxation situation in the country. Mr. Speaker, to the extent that this is the case, we will make the necessary changes to ensure that we can satisfy those requirements for international tax standards but that we can

also satisfy our domestic arrangements to ensure that we have a better regulated tax system.

I turn now, Mr. Speaker, to one of the other challenges and I want to be very brief because there are two others that I want to touch on before I get into the main review of the Barbados economy and the Estimates for last year. There is a matter, Sir, that has the potential, if not handled properly to cause major disruption in the social and economic fabric of Barbados, as it is happening in other parts of the region. This matter to which I refer, Mr. Speaker, is CLICO. I present this as one of the challenges that will face us going forward as an economy to the extent that Government is going to be called upon to play a major role in addressing the issues that will come out for an orderly settlement of this matter.

Mr. Speaker, since becoming Minister of Finance, I have deliberately tried not to engage in excessive public discourse on this matter in a way that could potentially harm the interest of policyholders and depositors alike, who have millions of dollars of investments tied up in that company. Unfortunately, it has served the narrow interest of some among us to seize upon the unfortunate plight of so many to try to play on their already justifiably strained emotions and to whip them up into a frenzy in a way, Sir, in my view that will cause more harm than good and if you read yesterday's newspapers, you will see exactly what I am referring to, Mr. Speaker.

Mr. Speaker, the Late Prime Minister and Minister of Finance, with the concurrence of the Cabinet, established an Oversight Committee in 2009 to examine the operations of CLICO Life Insurance Company, CLICO Holdings Barbados Limited and all of its affiliates and to appropriately ascertain the true financial state of the company, its assets, its holdings and the toxicity of its portfolio wherever those were being held. The Committee subsequently reported to the Cabinet, its findings along with a set of recommendations to be considered. The key recommendation among that set, was that the company should be placed under judicial management.

Now, Sir, as I have indicated before on the Floor of this House and as I have said elsewhere, this process has now moved to the stage where the matter of what happens to CLICO and its companies are properly and entirely in the hands of the judicial manager and the High Courts of Barbados. While the public's thirst for action on these matters is justifiably intense, it will be ill-advised, potentially damaging even, for any person in this Government, let alone the Minister of Finance, to engage in ill-advised commentary that tramples on a matter that is now as they would say, *sub judicæ*.

To that extent, Sir, what I would say is that this Government remains committed to ensuring that the

interest of policyholders and depositors with CLICO are protected. This is our sole responsibility. We are elected as a Government to look after the entire country and if any aspect or segment of the country is having a particular difficulty which they themselves cannot navigate or get over, it is the role of a Government, caring as it is to ensure that it looks after those interests and that is what we are intended to do. I give you the assurance that as the Minister of Finance, acting under the guidance of the Prime Minister and the Cabinet of Barbados, I will beseech my team in the Ministry of Finance to work with the judicial manager, if he so desires, and with the whole coat of Barbados to find the fastest and best solution in the interest of all the parties.

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I urge therefore all parties, including the media - and I refer to the comments you see in the centre pages or whatever page, Letters to the Editor to tell us what you feel and all of that whipping up of a frenzy - I appeal to them, I beg them even, analyse if you will, probe if you must but be absolutely careful not to inflame passions and incite actions that could be to the internal detriment of the interest of those we claim to protect.

Mr. Speaker, that is as much as I can say in the circumstances because the potential of this matter to cause a major disruption in the Barbados economy is greater than some people might want to believe or imagine. I am not living in a dream world. I know exactly what is going on and therefore we have to be extremely careful. I am saying that as well to Members of the Opposition, do your job, say what you have to say but do it with a level of responsibility that ensures that this matter does not deteriorate into a free for all to cause a major disruption in Barbados.

Mr. Speaker, let us go on a review of 2010. Sir, having given you the contextualisation of the key issues and circumstances which confronts us for the Barbados economy, it is useful for us to look at what has taken place within the Barbados economy over the last year or so. The Barbados economy demonstrated positive growth from 2002 until 2008 when the world was plunged into its worst economic downturn since the 1930s. The recession was most evident in tourism, construction and the financial services sector. After two years of contraction, the Barbados economy levelled out in 2010. This performance was against the backdrop of global economic recoveries all be them slow, which have been relatively strong though in emerging markets but slower in our advanced economies and major trading partners. In Barbados, real economic growth is estimated at around 0.3 per cent in 2010, a much improved performance when compared with a decline of 4.7 per cent in 2009. I want to repeat that, Mr. Speaker.

Asides.

Hon. C. P. SINCKLER: It does not matter whether it is in the margin of error or not, I want to repeat it. After seeing a decline of 4.7 per cent and putting policies in place, which we said would stabilize the economy and try to return it to growth, the out-turn figures for 2010 are indicating, provisional as they are, that the Barbados economy would have grown by 0.3 per cent in 2010.

During 2010, valued-added in tourism increased by 2.9 per cent as long stay arrivals were up by 2.6 per cent aided in part by intensified marketing efforts in our major source markets. Increased airlift from low-cost carriers and events such as the Barbados Food and Wine Festival - and I believe that they have added rum in there at the request of some Members on both sides - and the ICC World Twenty/20 and of course the IBA World Women's Boxing Championships, which were held later, and successfully chaperoned by the Honourable Minister for Sports, arrivals from the United States of America and Canada were 10.4 per cent and 14.5 per cent higher respectively as additional flights by low-cost air carriers increased airline seating capacities from these our second and third largest markets.

The main source market, of course, the United Kingdom, showed signs of recovery registering a 5 per cent decline in arrivals in 2010 compared with a 14 per cent decline in 2009 and a positive performance in January this year. Arrivals from the Caribbean declined by 3.7 per cent despite an increase in the number of visitors from Trinidad and Tobago. Although there was a fall off in the number of cruise ships calls, the cruise sector performed reasonably well with passengers increasing by 4.6 per cent.

The other traded sectors did not fair as well. Drought conditions contributed to a sharp decline in sugar production. Manufacturing registered yet another decline in output but estimates indicate that some significant improvements in the electronics, chemicals, beverages and tobacco subsectors would likely result when the final figures are calculated. Non-sugar agriculture and fishing recorded a one per cent increase as milk production increased by 35.9 per cent because of the importation of new herds and an ultra modernisation of one of the island's main farms. Food crops rose only marginally, 2 per cent, since production was also hampered by the drought conditions at the start of the year and of course by excessive rain in the later part of the year. The demand for chicken fell off and thus production decreased by 2.6 per cent. Fish catches were also down by 7.2 per cent while output of other meats increased by 5.8 per cent.

Owing the weak spillovers from the foreign exchange earning sectors, the majority of non-traded sectors could only recover marginally from the declines registered in 2009. Quarrying increased by 14 per cent and crude oil production rose by 7 per cent while output of public utilities services increased by 2.5 per cent. Activity

in the transport and communication services sectors rose by 1 per cent. However, output in the distribution and other service industries remained stagnant while the construction sector recorded a decline of 4 per cent albeit it less steep than in the two previous years. Fewer new licences were issued in the international business and financial services sector for a second straight year but the decline was less than in 2009. For the first nine months of 2010, the number of new licences issued to companies operating in the sector was 8 per cent below the number issued in the corresponding period of 2009.

A Protocol of Double Taxation Agreement with China was signed, of course, this was a renegotiation of that existing Agreement, during the first quarter of 2010. Double Taxation Agreements between Barbados and Panama, Portugal and Spain were also signed in 2010.

As can be expected, recovery in unemployment will lag behind the pick up in the domestic economy. As such, despite the stabilisation of the economy, there was a modest rise in unemployment. The rate of unemployment stood at 11.2 per cent at September 2010 as compared with 10.5 per cent a year later.

The Government has eased the burden for some firms by introducing programmes such as the Employment Stabilisation Programme and the Waiver of Interest and Penalties to assist them with the management of their national insurance contributions. Evidently, two years of economic downturn has made it very difficult for others to maintain their employment numbers.

We experienced higher levels of inflation in 2010 mainly as a result of rising import prices more particularly among commodities.

House A87 Sequence 8

“The 12-month moving inflation rate is estimated at 5.6 per cent compared with 3.7 per cent a year earlier. The higher cost of food, housing, transport have now contributed to a general rise in inflation. Mr. Speaker, imports increased by 7.8 per cent and widened the current account deficit to 7.4 per cent Gross Domestic Product, from 6.6 per cent in 2009. The growth and imports mainly driven by 29 per cent increase in the price of fuel, which drove up the value of fuel purchases by 30 per cent is likely to continue into 2011. There was also higher outlays on food and beverages 8 per cent, motor cars 27 per cent. In contrast, imports on construction material fell by 11 per cent and purchases of machinery were down by 2 per cent. Exports are estimated to be up 14 per cent given that receipts from the sale of chemical, crude oil and rum were higher by \$65 million, \$10 million and \$10 million respectively. On the other hand, earnings from sugar fell by 45 per cent to \$23 million because of the severe drought

conditions, reduced crop yields, a fall in the value of the Euro, vis-a-vis, the US dollar and a phased reduction in the guaranteed price. Net private capital inflows recorded in 2010 of around \$158 million were more than the previous year but still not above the pre-crisis levels. Capital account inflows were mainly proceeds from real estate sales, continued through the developments at Limegrove, Apes Hill and St. Peter's Bay and financing for the soon to be constructed Banks Breweries Plant. Public sector flows consisted of a loan of US\$45 million from the Inter-American Development Bank, to promote the use of the of alternative energy and a US\$25 million loan from the Caribbean Development Bank in support of official economic policies. In addition, inflows were boosted by a floatation of a US\$200 million bond in August, half of which went to repay a maturing obligation. Mr. Speaker, reflecting the marginal recovery in the domestic economic activity there was very little change in financial aggregates in 2010, credit demand remained suppressed, although loans rate felt somewhat reducing the spread between the loan and deposit rates to 6.5 per cent in October, from 7 per cent a year earlier. Domestic deposits registered a 1.8 per cent decline and liquidity in the banking system remained relatively high. Although the ratio of non-performing loans to total loans has been on the rise since the middle of 2009, mainly on account of large commercial loans, the banking system remains well-capitalised, with a capital adequacy ratio of 18 per cent, well above the regulatory minimum requirement of 8 per cent.”

REVIEW OF THE FINANCIAL YEAR 2010/2011

The original budgetary programme for fiscal year 2010/2011 was designed to produce a deficit on a cash basis of 6.9 per cent of nominal Gross Domestic Product at market prices, calculated on an international financial institutions basis. On the accrual basis, the net operating balance was projected at 7 per cent Gross Domestic Product. The key macroeconomic variables upon which the fiscal programmes were based were calculated on a fiscal year basis as follows: Real Gross Domestic Product growth of 0.7 per cent and nominal Gross Domestic Product growth 3.7 per cent;

Gross Domestic Product deflator of 3 per cent;

Inflation of 3 per cent;

Import cover - goods and services of 16.7 weeks of imports;

Tourism growth at 2.5 per cent;

Traded sector growth of 0.4 per cent;

Growth in retail imports on a fiscal year basis of 4.5 per cent; The retained imports were estimated at \$2 717.8

million. The fiscal programme for 2010 approved by Parliament on 19th March 2010, showed:

Current Revenue - \$2 491.4 million;

Current Expenditure, exclusive of amortisation -

\$2 885.7 million;

Capital Expenditure - \$166.9 million.

While the projections on an accrual basis show a net operating balance of \$-601.1 million, when converted on a cash basis the projection was for an overall fiscal deficit of \$594.4 million. This deficit was expected to be financed by foreign sources in respect of the capital project inflows estimated at \$582.3 million and \$884.2 million from domestic sources. The key macroeconomic variables for 2010/2011 have therefore been revised as follows:

1. Real Gross Domestic Product growth of 7.5 per cent;
2. Gross Domestic Product deflator of 5.5 per cent;
3. increase in retail imports of 7.8 per cent;
4. inflation of 7.5 per cent;
5. nominal Gross Domestic Product of \$8 208.2 million at market prices, import recover of 20.5 weeks of imports.

The revised current revenue would be as follows. It was originally estimated that current revenues of \$2 458.2 million will be collected during 2010/2011 fiscal year. Provisional data from the Accountant-General for the period April 01 2010 to January 31 2011 shows that the Government collected current revenue of BDS\$1 828.1 million, an increase of \$71 million or 4.0 per cent more than the current revenue for the same period in the fiscal year 2009-2010.

It is projected that \$195.5 million and \$331.1 million will be collected for February and March respectively to yield a revised current revenue of

BDS\$2 354.7 million. This is \$103.5 million less than was originally projected.

The amount of \$2 354.7 million which is expected to be collected in 2010/2011 is also \$58.8 million or 2.6 per cent more than the actual amount collected for 2009/2010 fiscal year.

Taxes on property are expected to increase in the corresponding period of last year by \$3.6 million to \$119.0 million, while taxes on goods and services are expected to increase by \$81.4 million to \$1 058.3 million, mainly due to increases in the VAT.

Taxes on income and profits are expected to decrease by \$38.1 million or \$4.8 per cent from a corresponding period last year. This is mainly due to a decline in corporation tax by BDS\$49 million, as a result in decline in profits.

Special receipts are expected to increase by \$1.3 million or 2 per cent, to \$64.7 million. Taxes on international trade should realise \$204 million, an increase of \$30 million or 16.8 per cent over the corresponding period last year. This increase is as a result of increased economic activities.

The Revised Current Expenditure 2010-2011.

Provisional data from the Accountant-General for the period April 01, 2010 to January 31, 2011, indicates that Government incurred current expenditure of \$2 918.5 million inclusive of amortisation, an increase of \$271.8 million or 10.3 per cent over the current expenditure for the same period in the fiscal year 2009-2010.

11.39 a.m.

This is also \$34.8 million less than the amount approved on a cash basis for 2010/2011 financial year.

Mr. Speaker, expenditure on wages and salaries is projected to remain about the same as that for 2009/2010, that amount being BDS\$806.7 million. Sir, expenditure on goods and services is expected to decrease by \$31.4 million or 6.4 per cent from the 2009/2010 to \$382.7 million even though the following Supplementaries were approved. Sir, \$6.4 million to cover the rental accommodation for Government departments; \$6.4 million to honour outstanding payments to contractors on special projects particularly in the road improvement programme; \$12.1 million to provide for highway construction, road and traffic management on the Warrens Traffic Safety Improvement Project; \$17 million to meet expenditure to effect rehabilitation following the passage of Tropical Storm Tomas, and it should be noted that this amount would be offset by \$17 million in grant fund from the Caribbean Catastrophe Risk Insurance Facility and \$13.3 million to the Barbados Drug Services to cover for the cost of supplying drugs to private pharmacies and patients through the Special Benefits Scheme. Mr. Speaker, note that in 2010/2011, the amount of \$29.5 million for tipping fees was reclassified from goods and services to current transfers.

I want to make this point, Mr. Speaker, Sir, because I have heard members of the Opposition and others making the point that the Government brought a large number of Supplementaries to this Chamber. It is true that we have brought some Supplementaries but the rule of thumb in the Ministry of Finance, with the exception of certain items,

particularly like the Warrens road which was a new part of what we are doing, and we said that we would do this as a (2:40) multi year project beginning this year and going forward, is that all Supplementaries must be matched by commensurate savings. Sir, in other words, the Ministries have to indicate how and where the savings are going to be identified and provided before the Ministry approves any Supplementary and, Sir, that will remain strictly enforced with the exception of those areas that we know we have to do, like the University of the West Indies, which is already factored into the Budget anyhow, and in terms of our own projections. Sir, to give the view that the Government was just bringing Supplementaries here and approving them...

Asides.

MR. C. P. SINCKLER: Of course, it is not now reflected in the out-turn of the deficit because the deficit, based on what the Opposition was saying would probably have been 10 per cent or higher based on the number of Supplementaries they say we brought to this Honourable Chamber. Mr. Speaker, Sir, because we knew that the savings had to be identified before they were approved, we did not jump to answer the Opposition yet. There will be a time during this debate to answer all of those matters and we will identify them. Sir, I just wanted to make that point, that we continue to be responsible in the way in which we approach the finances of the public. Sir, I have given this country the assurance that we are going to bring discipline to those finances one way or the other.

Asides.

MR. C. P. SINCKLER: Yes, we are going to because we have to do it and it is really about building efficient Government. It is really about building efficient Government in this country to ensure that Government departments and statutory boards just do not do whatever they want, whenever they want and however they want. They will have, Sir, to follow a very strict programme of performance budgeting which I will mention a little bit about later in the presentation.

Mr. Speaker, total debt payment 2010/2011 are expected to be \$429.4 million or \$48.8 million more than the previous year. Sir, total interest costs are projected to be \$482.5 million, an amount of \$45.8 million more than in the previous year 2009/2010 and amortization payments are expected to increase by \$383.6 million mainly due to the repayment of the US\$100 million bond which will mature in June 2010.

Mr. Speaker, current transfers are expected to increase by \$25.7 million or 2.3 per cent from 2009/2010 to BDS\$1,122.6 million. It should be noted that the following transfers were provided to various institutions. These ones are of note: \$60 million to the University of the West

Indies, even though members of the Opposition claimed that we cut the budget of the University of the West Indies which, Sir, is not true. It is irresponsible and it is not true, and certain people who themselves are at the University of the West Indies receiving a salary out of the same \$60 million that we have sent up there, in addition to the \$71 million which they got earlier in the year, could then be irresponsibly walking around saying that the Government cut the university's budget and, Sir, it is not true and will not be true under this Government.

Mr. Speaker, more on that later because \$144 somebody million to the University of the West Indies, and we have increased the budget of the University of the West Indies every year that we have been the Government of Barbados to the extent where they are getting more money today than they ever got under any other Government in the history of Barbados, and to the extent, Mr. Speaker, Sir, that the university could afford to give the Right Honourable Member for St. Peter a new office with new books and carpet, and a west side view that can only be matched by his own personal residence but, Sir, he said that we cut the university's budget.

Asides.

MR. C. P. SINCKLER: Sir, I do not blame him because I feel, and I think the Honourable Prime Minister shares this view, not because he is Prime Minister, that we have to accord former leaders of the country to some level of dignity never mind Sir Lloyd Erskine Sandiford never got such palatial quarters at the university when he was attached there. Sir, I feel that you have to treat a former Prime Minister even one who has gone back into active politics and is in school yards throwing rocks at the Government. Sir, you still have to treat that person who has held that office with a certain level of dignity and, therefore, I have no objection to it and, Sir, I will not object to it.

Mr. Speaker, I will not object to because I feel that is what should be done. Sir, they do it in the United States of America and the former President is even called President. He gets a library, a driver, an office, attendants and special security, and I believe, in all seriousness, that we have to treat our public officials, retired as they are, with a level of dignity and respect that they deserve, having held the highest office of the land so, Sir, I am not objecting to it.

Mr. Speaker, Sir, we have provided \$16.4 million to the Sanitation Service Authority for the payment of tipping fees and, Sir, I am going to have a lot to say about tipping fees in this debate because it is a coded language for other things but we will talk about that at a later stage. Sir, we provided \$3.8 million for Kensington Development Corporation; \$13.5 million for the Welfare Department to cover the arrears at the Transport Board for the travelling

of pensioners on the bus and, Sir, that is a matter that we had to clean up. It has gone back many years in which the Transport Board was not really being paid for pensioners who were traveling up and down the country. We had to clean it up and we thought it was best to do so rather than starve the Board of those resources.

Sequence 10

We put \$3.6 million for higher education awards and \$49.3 million to the Transport Board to meet its operational costs.

Sir, therefore, capital expenditure is expected to be revised for 2010/2011 as follows:

It is expected to decrease by \$53.9 million or 27.7 per cent to \$140.8 million in 2010/11. This amount is also \$26.1 million less than the amount approved for the year.

Capital assets are expected to decrease by \$50.3 million or 50.1 per cent to \$50 million in 2010/2011. This amount is however anticipated to be \$24.9 million below the approved amount for the year.

Capital transfers are expected to increase by \$2.7 million or 3.3 per cent to \$83.2 million, and this will be, of course, the same amount as was approved in the Estimates for the financial year.

Acquisitions are projected to be \$5 million, a decrease of \$8.3 million over the amount for 2009/2010, and this amount is also \$1.2 million less than the amount approved in 2010/2011.

Mr. Speaker, with that therefore, the revised fiscal balance for 2010/2011 will be as follows:

Current revenue of \$254.7 million is expected, of which \$2 228.6 is tax revenue, and \$126.1 million is non tax revenue and grant income.

Total expenditure is expected to be \$3 821.2 million, of which \$2 854.3 million is current expenditure exclusive of amortisation, and \$140.8 million in capital expenditure.

The revised deficit of \$640.4 million on an IFLE basis friendly basic represents 7.8 per cent of GDP at market prices. When converted to the Accountant General's basis, the overall deficit is expected to be \$1 466.5 million or 17.9 per cent of GDP. It should be noted that the Accountant General's basis includes all expenditure to be financed during the year. The cash basis represents all expenditure excluding amortisation, bad debts and depreciation. Mr. Speaker, therefore we are projecting a revised deficit for 2010/2011 of 7.8 per cent of GDP.

Sir, when we consider we were coming from a fiscal deficit of over 9 per cent the previous year, this is a major achievement in our effort to consolidate the public finances and bring a level of discipline to Government's operations in terms of its finances.

Sir, the revised deficit financing for the year is expected that \$884.2 million or 60.3 per cent of the \$1 466.5 million overall deficit would be financed by domestic sources. The balance of \$582.3 million is expected to be financed from foreign inflows in respect of external borrowings and external funded projects. It should be noted that the Government guarantee debt stood at \$1.3 billion at the end of the last financial year.

Sir, fiscal deficit, of course, has widened in the face of global economic downturn. That has led to substantial declines in tourism earnings from Barbados' main trading partners. As a result, increase borrowing both externally and domestically resulted in the growth of public debt from 93 per cent of GDP at the end of 2005 to a projected 214 per cent of GDP at the end of the financial year would be realised.

Domestic debt, of course, accounts for the bulk of Barbados' public debt comprising approximately 71 per cent of the portfolio and 75.3 per cent of GDP. The growing debt problem in Barbados is a matter that we have to seriously address as it would affect our credit rating. Sir, I want to make this point that even though the credit rating agencies looked at the overall Government debt, it has really been the view of the officials in Barbados, and a view shared, I believe, by both political institutions that have had the opportunity to manage the affairs of Barbados that really on the profile of the debt, the majority of debt which is owed, a substantial majority of it, is really owed to domestic sources, particularly the Central Bank and, and of course, the National Insurance. Sir, therefore when you net out those liabilities, you are down to around 54 to 66 per cent of GDP, which in any standard rather regionally, nationally or internationally, is frankly manageable and within respectable limits.

Sir, as we work to bring down the overall deficit of the Government, it must be recognised that we are not at breaking point as yet. What needs to be said is, that our efforts to bring down the fiscal deficit would modulate the rate at which that external and internal debt grows as we seek financing to satisfy the space between what we earn in revenue and what, of course, we expend from the public coffers.

Mr. Speaker, I now turn to some matters that I believe are of importance for us in understanding how we go about dealing with our economy and in which the current Estimates have been framed.

The Medium-term Fiscal Strategy - during 2010, the Medium-term Fiscal Strategy was prepared in which steps were proposed to address the debt sustainability issue among other things, and plans to shift that debt secured from the international market to concessional and low-cost loans and use of amortised loans instead of bullet loans. Sir, CARTACT was approached, CARTACT is the regional technical body for the management of economies between the World Bank, International Monetary Fund and Caribbean Governments. It is a regional body and there are different types of CARTACTs all over the world, in different regions of the world, and the Caribbean version is that technical body. Sir, they were approached with a request for technical assistance in debt management. A consultancy was carried out and the CARTACT Report outlined, among other things, the need to ensure that organisational arrangements are brought to bear in best practices in managing the debt. The Ministry of Finance fully supports this recommendation, and in keeping with the debt management strategies stated in our Medium-term Fiscal Strategy, it is proposed that a formal debt management presence be established in the Ministry of Finance in the form of a small Debt Management Unit.

Currently, only informal arrangement is in place to deal with the management of debt in Barbados. However, it has been realised that a formal debt strategy and procedures, flowing from a need to be put in place as a matter of urgency.

Sir, it really is instructive. I think the Honourable Member for St. Peter would agree that for a long time the whole idea of debt in Barbados, how it is contracted, how it is managed, and so forth and so on, has been spread among so many different agencies, with no one really taking a full lead in relation to coordinating those approaches. What we have seen is, even though the system has worked reasonably well, in terms of modern standards for managing economies, determining your debt strategy, how much debt you are going to put yourself into, for what reasons, how you are going to spread it over, what periods of time, the carrying capacity...

Asides.

Hon. C. P. SINCKLER: Yes, we have had them, but we need to put institutional arrangements in place to ensure that this is not the reserve or preserve of one or two individuals, somewhere, meeting over a telephone. That is not how a modern country is run. The Central Bank does its thing, but in many ways when that is contracted, sometimes it is contracted, I would not say on a whim and fancy because people contract debt to build capacity that is mainly what you do.

11.58 a.m.

Sequence 11

Asides.

Hon. C.P. SINCKLER: You are supposed to and all Governments have done it over the years but you have to try to ensure that you have orderly dispensation of how you incur your debt and then, of course, how you amortise it. We shared the view of the report that previous to now there has been no central unit in the Ministry of Finance to work with the various departments to coordinate that debt strategy.

I know for example, Mr. Speaker, Brazil has a debt management unit which produces its debt strategy and it actually posted it on the Internet. You can actually go on the Internet and see how much debt Brazil is imposing to incur over the next ten to fifteen years and in what areas and for what purposes and there is always a report on how that debt is contracted, how it is performing and so forth. I think that is the level to which Barbados has to reach so that there is no guess work going forward for ten to fifteen years from now where Barbados is going to go. I mean you change it according to your circumstances and the demands but people must have a reasonably clear picture as to what your debt profile was like, how you propose to contract new debt and of course how you propose to manage it and amortise it over time.

Mr. Speaker, another recommendation identified in the CARTAC Report as a high priority was the setting up of a High Level Debt Advisory Committee, which would advise on debt policy, monitor the implementation of a Medium-term Debt Management Strategy and oversee debt management operations within the country. The Committee which is chaired by the Permanent Secretary Ministry of Finance has already been established and reports, of course, directly to the Minister of Finance. Its membership includes representatives of the Central Bank of Barbados and various divisions within the Ministry of Finance and Economic Affairs.

With respect to the Medium-term Fiscal Strategy, and the Medium-term Development Strategy, a committee comprising officers of the Ministry of Finance and Economic Affairs, the Central Bank of Barbados and others has been established to monitor implementation of the Medium-term Strategies. The Government is committed to meeting the targets outlined in these documents and the process would assist in identifying any corrective action that may have to be taken to meet those objects of the Medium-term Fiscal Strategy going forward and of course to meet their deadlines.

Some of the reforms and initiatives are expected to assist us in meeting these projected objectives can be listed as follows: I want, Sir, to say this because I think this is

important. The financial management system in Barbados both in terms of public and private are in need of some serious adjustment and reform and we have to continually reform it.

Under the leadership of the Right Honourable Member for St. Peter when he was the Minister of Finance and Prime Minister he started the process of moving Barbados from cash accounting to accrual. That process has been largely completed now to the extent that we believe we are reasonably comfortable enough to move forward with spreading the accrual accounting basis to our Statutory Boards and Corporation to ensure that they too are brought kicking and screaming, as it were, into the 21st Century accounting standards.

Mr. Speaker, in regard to the financial system, as you know, last year we moved the Financial Services Commission Bill before the House of Assembly and we are identifying particularly what that was expected to do in establishing the Commission. Sir, by way of update, I can say to the House that after the passage of that Bill in December 2010, the Act will be proclaimed by April 1, 2011. The FFC Board has been appointed and announced and that was Gazetted on March 07, 2011. A Human Resources Management and Compensation Policy for the first consultancy identified with the work of the Financial Services Commission has been handed in, reviewed, assessed, and analysed by the Special Steering Committee on the FFC and of course, reviewed by the Cabinet Committee on Government chaired by the Honourable Attorney General and recently passed with amendments by the Cabinet of Barbados.

Sir, it means that once the officials in the Ministry have concluded their consultations with the Workers Union, the Labour Union particularly NUPW, and with the Ministry of the Civil Service, the way is then cleared for them to proceed to appoint the senior management of that Commission, some of which will be on a temporary basis, until more permanent arrangements could be put in place but also to built out a skeleton staff that will allow for proper regulation to continue in Barbados of those institutions which will likely fall under the Financial Services Commission.

I want to say, Mr. Speaker, that this Financial Services Commission process has been around for a very long time. It was in the Ministry and has been worked on for many, many years, even when the last Government was in office and I am happy, Sir, as Minister of Finance that this Democratic Labour Party Government has been finally able to bring this to book and that the Institution is going to be established for the better regulation and management of the non bank financial sector in Barbados. Sir, I think that is what a working Government does. It does not come in there and twiddle its thumbs, it gets the things up and

running and to the extent that it is needed in this very highly competitive nonbank financial sector, which is growing by leaps and bounds from day to day, I want to congratulate my colleagues in the Ministry of Finance and of course the Government of Barbados for ensuring they brought this to fruition.

Another area, Sir, that we have to look at very seriously, is the area of Barbados' competitiveness. Sir, for many years, we have operated, as we have said on the old economic theories of comparative advantage, knowing of course that the world had shifted long time to real competition. It is really your competitive advantage, how you match up against other people in a marketplace. One of the things that Barbados has suffered from even though we have done reasonably well as a country, Sir, many of our exports, many of our goods and services have not been largely competitive in many markets but in our domestic market, Sir, we have made things even more difficult because of bureaucratic inertia because of lack of speed and efficiency, nimbleness our systems and procedures to allow for a business culture to grow out in Barbados that allows businesspeople, both domestic and foreign investors to be confident that they can get their operations up and running and earning profits for their shareholder and of course tax revenue for the Treasury.

The programme of competitiveness is designed to improve Barbados' competitiveness by way of addressing key bottlenecks as I said, which affect the efficiency of the movement of goods in Barbados and support other trade and promotion activities to promote export development and increase private investment. The programme, Sir, which we are doing under a loan from the Inter-American Development Bank, so called the Barbados Competitive Loan supports a development of benchmarks and statistics related to productivity in the private sector and of the general business climate.

In light of the above the programme contemplates four components.

1. Ensuring a coherent framework for business development, incentives and regulations.

(a) taxes and incentives

(b) the general business

Sir, what we want to do in relation to taxes and incentives is to do an analysis of all the incentives which we give to businesses and to see what is the real impact, what is the true cost to Government in terms of revenue but what is the impact more importantly of those across businesses and not just to give people concessions, send them off into the sunset and we never really know what happens in that regard. Therefore, we have to look at alternative tax regimes to ensure that we can continue to

generate, not only economic activity but also Government revenues.

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The second, Sir, is a tax expenditure budget that would enable the authorities to quantify the revenues lost for each of the tax incentive schemes currently in place.

Relative to (b), in terms of the general business climate, we have already said, and I have said it in the Budget, that we are going to be doing a complete analysis of the operations flow of the Barbados Town and Country Planning Office. This would provide staff training, documentation simplification and a process of re-engineering the entire Town Planning Department with a view to achieve systemic improvements in the operations with all of its collaborative agencies like the EPB and so on. The programme would also provide technical support for the assessment of Government's sponsored development funds and also the preparation of recommendations for the restructuring of those departments.

Component 2 would be ensuring a coherent business development services architecture for business development. Sir, this too is broken down into two components; the first, improving the general business development services and innovation climate and, the second, a pilot cluster programme. In relation to the first one, the business development services, the programme will support improved productivity at the firm level using a two-stage approach; first, the comprehensive review of the existing business development services to be undertaken for a cost benefit evaluation of their services and secondly upon arrival of the recommendations emanating from that review, more agile and responsive institutional arrangements would be put in place.

In relation to the second one, support would be given to a pilot programme that would introduce clustered development models for the country's private sector. It will select one cluster initially and test the methodology so that it can later be applied to other clusters along the value chain. An important part of that programme is the preparation of a strategic plan that will identify cluster competitiveness gaps vis-à-vis international benchmark standards. This entire project is expected to improve the business climate within Barbados.

Sir, the project would also seek, on component 3, to improve trade logistics, trade facilitation and enhanced infrastructure handling. Mr. Speaker, in that component, we are looking at the creation of a central cargo facility at the Bridgetown Port, in looking at the risk assessment associated with that, including the establishment of a single electronic window to ensure that we can have a faster

processing of applications to the Customs and of course the Customs procedures. This, Sir, we hope, would improve the waiting time, lower the handling charges - of course, a major complaint has been the cost within the Port - and also ensure that business could be facilitated.

Sir, very importantly as well, the programme would support the adoption of a Public/ Private Sector Partnership (PPP) procurement methodology in selected infrastructural projects and will provide hands-on training for stakeholders in different public entities involved in PPP operations. This is important because in the last few years, we have seen a lot of these PPPs popped up out of the woodwork. It is now an entrenched way of doing business but I am not absolutely convinced that the system in Barbados is perfect or anywhere near perfect. With a lot of the PPPs, even though they facilitate a faster approach to getting projects done, you still have to go back and clean up a lot of the arrangements that were not done up front. I think to the extent that is the case, we are going to have to see how best this can be done. This project is going to allow us to come up with a proper set of rules to allow us to have best practices in relation to the PPPs.

Mr. Speaker, we want to establish a Competitiveness Commission made up of business people and officials from the Government to look at our general competitiveness as a country and things which we need to change so that we could ensure going forward that Barbados' business services remain extremely competitive both internally and externally. Our hope, Mr. Prime Minister, is that that Commission will be chaired by none other than yourself to give it the level and stature that we want to be done and to be done in consultation with the Social Partnership exercise, which of course the Prime Minister plays a major role in as general Chair of the overall Social Partnership.

Mr. Speaker, we also have some additional projects, which we feel are important to ensure that we get Barbados' system, commercial, financial and otherwise, properly articulated and initiated. Among these would be the modernisation of the Barbados Statistical Service Project. Again, another project that we are doing with the InterAmerican Development Bank to ensure that we upgrade not only the system of the Statistical Department but its ability to capture data and to share that data with other departments across the system. Sir, you would see resources put under the Ministry of Finance and Economic Affairs for this particular project. The Statistical Department has served us well over the years but it needs an upgrade, it needs additional staff, and additional systems and it needs to review its procedures and so forth.

Sir, the sixth component of that particular project would be to build:

1. A new legal framework to enable it to effectively execute its duties;
2. To establish a statistics network including Government agencies which produce relevant public data;
3. To improve managerial, statistical and administrative procedures of the Statistical Service;
4. The development and improvement of priorities statistical products;
5. The improvement of the human capacity, as I mentioned, of the Statistical Department and the statistics units of the various ministries that work closely with the Statistical Service; and
6. To enhance the technical infrastructure of the Barbados Statistical Department and its capacity for disseminating its products to the various agencies.

Secondly, the modernisation of the Barbados Statistical Service project is currently engaged in the procurement of statistics and management consulting firms to execute this work, which would be done over a 20-month period.

Thirdly, we are also going to do a major overhaul of the Customs, Excise and Value Added Tax departments under the modernisation of Customs, Excise and VAT areas programme. The Government of Barbados received a loan from the InterAmerican Development Bank to partially finance the modernisation of Customs, Excise and Value Added Tax areas programme. This project commenced April 5, 2006 and is scheduled to be completed by October 5, 2011. The cost of the programme is US\$6.692 million, of which \$4.4 million is being funded by the InterAmerican Development Bank as a reimbursable loan and the Government of Barbados will contribute the balance. The overall objective of the programme is to assist the Government in its efforts to improve efficiencies at the Customs through four main components:

(a) strengthening customs operations;

(b) modernising the administration of the Value Added Tax;

In this component of course we are looking at registrations, certifications, filing of returns and payment and of course upgrade of staff;

(c) modernisation of excise taxes;

This would include reform of the excise control system in particular the transformation of the system from physical stationing of officers in excise facilities to a

controlled system relying mainly on periodic audits and a computerised system; and

(d) strengthening the administrative capacity of the entire department particularly to ensure that we have lower technical cost.

Since the commencement of the programme, a number of activities have been completed and the action taken to improve the efficiencies of the department has been as follows:

1. The establishment of an implementation and post clearance audit within the Customs and Excise Department;
2. Establishment of a Risk Management Unit;
3. Drafting of new Customs Act Regulations, which are currently under way.

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drafting of an updated strategic plan for the Customs and Excise Department; establishing risk analysis strategies for VAT; implementation of an automated customs risk management system; training of staff in Information and Technology; post-clearance and risk management techniques." Mr. Speaker, there has also been a provision of

US\$560 537 for a new IT infrastructure for the operations of the Customs and Excise and Department. We anticipate that this project will continue well into this year and of course coming to an end somewhere around October, as I have indicated.

Mr. Speaker, it is important for us also to proceed with a modernisation of the national procurement system. The Government of Barbados signed onto this project in April 2009, this project commenced shortly thereafter. This programme is to be executed over 48 months, with a disbursement of the money over 60 months. The total cost of the programme is estimated at US\$5.95 million, of which the Inter-American Development Bank will be putting \$5 million and the Government of Barbados will be putting \$950 000. The overall objective of the programme is to support the Government of Barbados in modernising its national procurement system. Its specific objective is to improve the effectiveness of public procurement, save money through competitive prices and reduced process time, while ensuring transparency and integrity in the system. The programme is divided into the following four components:

(a) strengthening of the procurement legal framework,

which will call for a reform of that as well;

(b) improving the procurement operations in the marketplace; (c) strengthening the procurement institutional capacity; (d) modernising and upgrading the technological infrastructure of the system; and (e) guaranteeing transparency within the tendering and procurement processes in Barbados.

Mr. Speaker, one of the reasons this is so important is that we are signing onto many international trade rules and increasingly other countries, particularly industrialised countries, have been asking for and in some instances demanding that we write transparency rules into these agreements, so that they can see what type of procurement policies we follow and whether they are transparent and can meet international standards.

Sir, while we have not taken on any particular legal commitment with regard to opening up or liberalising our procurement processes, we have agreed in the Economic Partnership Agreement - and the preset the negotiation with Canada but it is likely that the Canadians are going to ask for a similar exercise. Therefore, to that extend, we might as well start the process of doing what we have to do now, rather than having somebody rammed it down our throats later. The truth is that our procurement systems needs upgrading. It will provide efficiencies, cost savings and more certainty, so that those in the public who interact with that system will be able to know exactly how their tenders are being treated, how they are being processed, the time frame within which they can be done and the benefits which can accrue to them as they interact with that particular process. Mr. Speaker, the procurement system upgrade will continue.

Mr. Speaker, earlier I spoke about the transition to the accrual accounting system. As I indicated, we are pretty much covered with the public service generally but we now have to move onto the statutory boards, to ensure that between 2011 and 2012, we can bring some of them under the discipline of the new accrual accounting system.

Mr. Speaker, there are two other things I want to mention very briefly before I move onto a listing of what we expect from the Estimates this year. The first is about performance budgeting and it is reflected in these Estimates. We have determined that Government departments must follow a rigid programme of performance budgeting. Mr. Speaker, coming into the Ministry of Finance and asking the Ministry to approve budgets on an annual basis for all types of activities, but you are not sure during the year how these budgets are implemented, how are they implemented, if they are being implemented is not going to suffice in this new environment of fiscal discipline. Therefore, we have established a performance budgeting and reporting system under the rules, to ensure there is reporting to the Director of Finance and Economic Affairs on the requirement of

Ministries and the performance of their departments during the year.

These reports are done on a quarterly basis to ensure that we are up-to-date. In fact, they are going to institute by mid-financial year that there will be a review of all the work that has happened and at the end of the year there be a full report, so that we can monitor expenditure, we can look see how Government departments are doing and what impact the work they are doing is having. Sir, people get a lot of money and they implement programmes but we have to ensure that it is having an impact. Mr. Speaker, that will all be keeping with our effort to ensure that we have an effective Government, even as we do an expenditure review.

Mr. Speaker, it is part of our work to do an expenditure review, it is part of our work of preparing Barbados coming out of this recession to be more nimble, more accurate and certainly better able to take advantage of the benefits that will come when the economy starts to grow more fully again. Therefore, these performance budgeting requirements are going to be very strictly followed, Mr. Speaker.

Mr. Speaker, the second point I want to making is, as you know it has come to past on many occasions, not only last year and the year before, certainly not in the future because they are going to try to bring some serious discipline to this as well, for departments and ministries to come to this Honourable House for supplementaries. I remember when the Right Honourable Member for St. Peter became Minister of Finance, he said supplementaries will be a thing of the past, because of our poor forecasting. Sir, I think that no minister of finance or no government likes to know that you come and debate an Appropriations Bill and that quarter way down or halfway down the year a department pops up with a supplementary. Mr. Speaker, this really is not very good in terms of reflecting on the way in which we budget and in the way in which we prepare our finances. Sir, to help in that situation, from April this year, the financial year 2011-2012, the Government of Barbados proposed to introduce virements into the public accounts of Barbados. This, we hope, would see a reduction of the number of supplementaries that are prepared on an annual basis. Virements, for those who may not be familiar, may be defined as the use of saving from one subhead of public expenditure.

Aside.

Hon. C. P. SINCKLER: That was never introduced in Barbados. You might have used it without legal authority but it was never introduced in Barbados. We have never had virement, Dominica has virement, some other countries in the Caribbean have virements but Barbados does not have virements.

Asides.

Hon. C. P. SINCKLER: Mr. Speaker, I hope the Honourable Member for St. George North was not using virements when he was Minister of Public Works. Mr. Speaker, virements allows you to move expenditure across subheads, to allow for overspending in other areas which may occur, without having to come for a supplementary to satisfy that particular subhead. It can take various levels and various forms, depending on the requirements of the funds.

The virement we are introducing will allow the ministry and departments greater flexibility in managing their budgets and managers are able, through this exercise, to reallocate resources, once the Ministry of Finance agrees with the voting allocations, in order to achieve projected outcomes without having to go back to Parliament for minor variations. This, of course, will reduce the time between recognising the need for reallocation of resources and obtaining approval of Parliament for such. Let us remember that ministries and departments will be required to show a corresponding amount of savings.

12.29 p.m.

Sir, you are not going to be able to just do it as you like to facilitate approval of the virement, and once the savings have been identified under the specific classification, the standard account code, as we call it, the funds are then transferred and there would be no need for a Supplementary to cover that. Sir that will bring us into the real world in terms of how we manage our finances. Sir, this entire suite of actions which will be under the aegis of the Minister of Finance will demonstrate a new level of efficiency and effectiveness in the public financial system in Barbados but also extending to the private sector in terms of our competitiveness to raise the level of our operations.

Mr. Speaker, Sir, I come now to the Estimates and the projected out-turn for 2011. Sir, before doing that, let me establish the macro economic policy framework that will govern it. Sir, in setting out the macro economic policy framework, we intend to address the policies and programmes of development to accomplish the growth which we are desirous of having the economy in this era and going forward. In addition, Sir, our fiscal expectations as guided by the medium term fiscal strategy 2010 to 2014 in terms of our targets will be examined with the prospect of prices and employment and a monetary and external sector and, of course, private sector investments. Sir, the broad macro economic policy framework will be guided as follows:

1. Real GDP growth of between 2 per cent and 2.5 per cent driven by positive performances in both

the traded sector and non-traded sectors. This growth will be facilitated by an already announced Government policy in the 2010 Financial Statement and Budgetary Proposals targeting the main productive sectors as well as through various plans and facilitation efforts between key economic Ministries which would be pursued over the next Budget year.

2. Ensuring macro economic stability is continued over 2011 by maintaining fiscal sustainability as set out both in the medium term fiscal strategy and, of course, as we move towards attaining last year.
3. Improving the collection of revenue to reduce the current pressure on public finances as well, while also addressing levels of expenditure through improved efficiencies, as I have explained just a while ago, and reducing wastage.
4. Forging ahead with our capital expenditure programme that will further stimulate the economy and help create jobs. This will be complimented by a resurgent in private sector investment project. Of course, Mr. Speaker, Sir, there are a number of projects which both, from the multi-lateral financing perspective but also, generally, in Government's capital works programme contained in the Estimates which, if initiated, (3:52) during 2011, along with what we expect from tourism, non-sugar agriculture and, of course, in international business can get us the 2 per cent to 2.5 per cent economic growth that we are desirous of having. Sir, therefore, it is important for all of us in the Government to put our shoulder to the wheel to ensure that we get those projects going.
5. Continuing to provide the enabling environment for the private sector as I have identified through the series of measures that we were speaking about earlier. Reduce the cost of living where possible in terms of prices while trying to prevent large increases in inflation even in the face of the volatility with commodity prices and oil. Continued implementation of the medium term development strategy, of course, to build out our social programmes and, ever important, protecting jobs in the public and private sector while seeking to create additional job opportunities, strengthening the social safety net and protecting the most vulnerable within our society.

Mr. Speaker, this is the framework which we are hoping to achieve this year. Sir, bearing that in mind, I now have the privilege of iterating the fiscal framework for

2011/2012 financial year. Sir, the fiscal framework for 2011/2012 has been formulated to attain the following:

(1) To set a negative net operating balance on an accrual basis of (5:35) BDS\$707.4 million or 7 per cent of nominal GDP at market prices estimated at \$8,564.0 million. The underlying deficit on a cash basis, we are projecting from the Estimates, will be set at 6.8 per cent of GDP down further from the 7.8 per cent that we will manage to achieve by end of March for the current financial year. (2) To reduce the level of tax arrears outstanding by major revenue agencies and to enhance collection. (3) To continue to implement our stabilisation programme which will involve reducing discretionary expenditure in order to maintain a positive net operating balance. (4) To link strategically the public sector investment programme and Government's current spending needs with the availability of revenue and the achievement of our fiscal objectives. (5) To continue to introduce measures to reduce cost and enhance revenues which will encourage State enterprises to implement measures to enhance their revenue generation, keep discretionary expenditure in line with inflation, review our user fees to cover cost of service, as we have done in the last Budget with Transport Board fees and, of course, with the Barbados Drug Service and a reduction of the negative net operating balance at the Post Office.

Mr. Speaker, projections for the financial year 2011/2012 will be as follows: The fiscal programme presumes current revenue of \$252.8 million on an accrual basis; current expenditure, exclusive of amortization, of \$2,978.8 million and capital expenditure of BDS\$251.6 million. Sir, while projections on an accrual basis show a net operating balance of negative \$740.7 million, when converted on a cash basis, there is a fiscal balance of \$578.7 million and an overall fiscal deficit of \$1,028.7 million on an Auditor-General's basis. (8:23)

Mr. Speaker, current revenue, on a cash basis, is projected to increase by \$134.7 million or 5.7 per cent over the revised period for 2010/2011 to BDS\$2,489.3 million. Sir, the \$2,489.3 million, expected to be collected is also \$31.2 million more than the amount approved for 2010/2011.

The Estimates of Current Revenues for 2011/2012 have been constructed on the following key assumptions. Sir, as I have said, real GDP growth of 2.5 per cent; a nominal GDP growth of 3.8 per cent; a GDP deflator of 3 per cent; inflation of 3 per cent; import cover, that is, the import for goods and services of 19.8 weeks; tourism GDP growth of 3.8 per cent; traded sector growth of 3.4 per cent and growth in retain import of 4.4 per cent. The retained imports are estimated at BDS\$2,927.7 million.

Mr. Speaker, the Estimates for 2011/2012 projects current revenue on an accrual basis of \$2,522.8 million. The revenue to be collected during the 2011/2012 fiscal year is set around 29.1 per cent of GDP estimated at \$8,564.0 million.

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Sir, if we look at that yield over the period of time in terms of a percentage of GDP, in 2007-2008 the current revenue was 31.9 per cent of GDP; 2008-2009, current revenue 32.0 per cent of GDP; 2009-2010, 27.8 per cent of GDP; 2010-2011, accrued at 29.9 per cent, and for the next financial year, of course, we are expecting it to, as I said, to be 29.1 per cent of GDP.

Taxes on incomes and profits are projected at \$814.6 million on an accrual basis. When bad debts are added into the account, the amount to be collected is expected to BDS\$799.8 million, an increase of \$36.8 million or 4.8 per cent below the amount to be collected in 2010-2011.

Income tax is expected to increase by \$30 million or 7.6 per cent to \$427.2 million due to taxes on travel and entertainment allowances.

Corporation tax is projected to increase by \$4.6 million or 1.5 per cent to \$313.6 million.

Taxes on properties are expected to realise \$126.7 million, an amount of \$7.7 million more than was collected during 2010-2011.

On an accrual basis, taxes on goods and services are projected at \$1 162.9 million. Taxes to be collected on goods and services during the year are expected to rise by \$124.5 million, or 11.8 per cent to reach \$1 152.8 million. Sir, this tax category receives its principal inputs, of course, from receipts of Value Added Tax and Customs Duties which are expected to contribute \$824 million and \$175.1 million respectively to the Treasury in the fiscal year, partly due to the increases announced last year in the Budget.

Sir, airport duties are projected at \$216.9 million, increasing by \$25.2 million over the projected amount for the fiscal year 2010-2011. Special receipts are expected to decrease by \$26.7 million or \$38 million due to the removal of the Environmental Levy on imports. Sir, non tax revenue is also expected to decrease from an amount approved in 2010 to decline by \$12.4 million to \$170.6 million. We are expecting that we will receive grant income of \$22.1 million, \$16.1 million of which will come from the European Development Fund.

Sir, in terms of our expenditure projections, current expenditure, exclusive of amortisation of \$327 million, is

projected to be \$2 978.6 million. When converted on a cash basis and bad debts and depreciation expenses are excluded, current expenditure is expected to increase by \$88.3 million or 2.9 per cent over 2010-2011, which, of course, had a revised figure, as I told you, of \$2 937.6 million.

Mr. Speaker, wages and salaries are expected to increase over the amount approved for 2010-2011 by \$7.1 million, or 0.8 per cent to \$895.1 million. The increase is due entirely to increases in increments.

Sir, expenditure on goods and services is expected to increase by \$12.9 million, or 3.1 per cent from the approved figure for 2010-2011 to \$433 million. It should be noted that it was agreed that the categorisation of tipping fees should be regularised, and so the amount of \$15 million has replaced or put back on the goods and services from being a current transfer.

Current transfers are projected to increase over the amount approved in 2010-2011 by \$7.1 million or 0.7 per cent to \$1 024.7 million. Of this amount, the projected current transfers \$403.5 million and \$257.9 million will go towards the payment of salaries and pensions respectively. New items placed under the standing account code are the Small Hotels Investment Fund of \$5 million, which I announced in the Budget. Of course, \$1 million which is being given to the University Hospital at Mona for its upgrade, which of course is a promise that the Government of Barbados made a few years ago, and we are making those payments year by year, over a period of time. I believe it was about BDS\$4 million.

Mr. Speaker, bad debt and depreciation expenses are projected to be \$15.8 million and \$24.5 million respectively. Non capital assets consisted of the repayment of loans to the Government are projected at 0.7 million, an amount of \$1.3 million, less than the amount approved for 2010-2011.

Interest payments in 2011/2012 are expected to increase over 2011, revised figures by \$31.3 million or 6.5 per cent to \$513.8 million due to new loans not being brought onto the books. Amortisation of \$444.4 million is projected, decreasing by \$381.7 million or 46.2 per cent over the 2010-2011 revised figures.

Sir, in terms of capital expenditure, capital expenditure is projected to decrease from an amount of \$251.6 million. Capital assets are projected to increase over the revised 2010-2011 figure by \$17.8 million to \$67.8 million. The amount is expected to be \$7.1 million less than the amount approved in 2010-2011.

Capital transfers, of course, are projected at \$58.9 million, \$24 million less than the revised period for 2010-2011.

Sir, it should be noted in the Estimates that from 2008/2009 financial year, all assets are shown as belonging to the Crown and were therefore transferred, as you would see under Head 19, Treasury, in the capital assets which appear under individual ministries relate to assets under construction. I think that needs to be borne in mind.

The fiscal balance therefore for 2010-2012, as indicated previously, with current revenue at \$2 489.3 million is expected to be collected, of which \$2 349.6 million is tax revenue and \$139.7 million is non tax revenue and grant income.

Trade of expenditure of \$3 516.9 million consist of current revenue of \$3 382 million and capital expenditure of \$134.9 million. When amortisation is excluded, a deficit of \$584.3 million on a cash basis is expected, representing 6.8 per cent of GDP. On an accrual basis, the net operating balance is \$707.4 million representing 8.3 per cent of GDP.

It is intended that for the 2011-2012 period, \$985.6 million or 95.9 per cent of the fiscal deficit on Accountant General's basis will be financed by domestic sources, while the balance of \$42.0 million will be financed from foreign inflows for capital projects.

The major activities during the year for the Government, some of them at least, will include and be targeted towards the following:

A current subvention of \$145.5 million provided to the Queen Elizabeth Hospital. Mr. Speaker, I want to repeat that, \$145.5 million. It is more money that the Queen Elizabeth Hospital has gotten before.

12.49 p.m.

Sequence 16

Asides.

Hon. C.P. SINCKLER: Sir, that is almost what they got last year, what they will get this year and what we will continue to give them.

Asides.

Hon. C.P. SINCKLER: Everybody needs money, Mr. Speaker, I am sure the hospital could do with \$300 million and if we had it we will give them \$300 million. The reality is that you have to cut the cloth to suit the size.

Asides.

Hon. C.P. SINCKLER: Anyway, we have to be more prudent and what we are giving to the QEH, Mr. Speaker, represents what we have committed to ensuring that institution can function effectively.

Sir, in the by election, members of the Opposition walked around in the night air of St. John, nobody was listening to them anyhow, but they got in there and said that services at the QEH will shut down, garbage would not be collected, water is going to be turned off. All of these bad things were going to happen shortly when the Minister of Finance brought the Estimates. Mr. Speaker, the Estimates are here and none of what they said was going to happen has happened.

Asides.

Hon. C.P. SINCKLER: They also said that Mr. Griffith was going to win. The Honourable Member for St. Joseph was the campaign manager.

Mr. Speaker, the reality is that we have composed these Estimates without doing violence to the provision of social services in this country.

Asides.

Hon. C.P. SINCKLER: Sir, we have been able, Mr. Speaker, and this is what has the Opposition. We have been able to bring down the fiscal deficit and projected to bring it down even further and your garbage will still get collected, you will still be able to go to the QEH and get service, you will still be able to go the public pharmacies and receive free drugs and we are going to contain job loses. Mr. Speaker, that is what these Estimates are about.

Asides.

Hon. C.P. SINCKLER: Mr. Speaker, all of the political palaver which has been in abundance like the Tsunami in Japan, you know at first they said that we cannot do it, we do not have the guts to do it, we do not have the skills to do it, Mr. Speaker, but we have done it.

Asides.

Hon. C.P. SINCKLER: We have started to address our fiscal deficit in a way that is responsible by combing through Government departments and ministries and looking for duplication and wastage. We have asked them, Sir, and they have cooperated in this regard, to show us what you do not need. Show us what you can do without which is not impacting on anything in Barbados. Give us the savings and they have come up with the savings. They have said, my job is very easy this year because after I spoke, people start to say, look Minister, we need this programme, this one can wait, this is a priority and we can

know that, Mr. Speaker, without doing violence and the Opposition walked all over Barbados and gave the impression that this Democratic Labour Party Government was going to shut down everything and that you would not be able to get your garbage collected, the Right Honourable Member for St. Peter said it.

Sir, the reality is that now we are hearing some squeaky noises as they used to say in here about certain people when somebody said there was a mouse in the House.

Asides.

Hon. C.P. SINCKLER: Mr. Speaker, now we are hearing them say that we are under budgeting the departments so that the books would look good. I cannot believe it. Mr. Speaker, as the Minister of Finance and as an individual citizen in this country, I have said I will tell the people of Barbados what it is. If we cannot get it done because of something else, I will say we cannot get it done. If we are going to get it done, we are going to get it done, Sir, that is how it is. There is no obfuscation of what is happening in Barbados, plain and simple talk, not switching and twisting in the wind, changing face like a comedian to give people the impression that you have some economic genius hidden somewhere in a genie bottle that you let out at Sharon Primary School.

You had better watch it because they want to run him up there.

Asides.

Hon. C.P. SINCKLER: Mr. Speaker, we are giving \$92.3 million to the Barbados Tourism Authority to continue its strong work and to ensure that they can continue facilitating their promotional work.

Sir, Invest Barbados is going to get \$12 million and I am going to tell you something else that we are doing. Sir, they do not understand what is happening. Mr. Speaker, one of the things that I have said to the department, particularly, to the Statutory Boards, is not to hold public resources in bank accounts in town, do not tell me you have \$14 million in savings or \$5 million in savings or \$3 million in savings and then come to the Ministry of Finance looking for fresh money every year, spend the money, use it for the benefit of the people of Barbados. Therefore, when you will see in the Estimates document that monies may be reduced to certain departments like Invest Barbados, it has not really been reduced because they have money in bank accounts and I told them to add what they have there to what we are putting in here and they will have even more so they are going to have more than \$19 million to \$20 million at their disposal.

When I was the Minister of Social Care, responsible for urban and rural, I discovered that the Urban Development Commission had \$13 million in bank accounts all about Bridgetown, much of it collected under the last Government. The Rural Development Commission had a whole set of money in a bank account and I told them to spend the people's money. Sir, people out there want houses, people out there want roads, the tenancies' programme is to be executed and you have money sitting down in a bank account. I told them not to keep money in any bank accounts, including, Mr. Speaker, in checking accounts that is not gaining interest. I told them to spend the money. Sir, this is what we have done to find savings and to ensure that we can meet our fiscal objectives.

Sir, when you jump up and say that I am going to speak to cut Invest Barbados, understand what is going on, where you see those cuts, Community College. The Minister of Education can tell you I spoke frankly to them. I asked how much money you have in your account, Erdiston Teachers Training College and we went down the line, UDC, you have \$8 million, how much of it has been earmarked, \$3 million of the \$8 million, you have \$5 million that is free, add the \$5 million to what we are going to give and you would get back the same thing you had last year without taking \$5 million from who could use it. This is how we have to operate the Budget in Barbados rather than giving people money to bank up in bank accounts in town for other people to spend and get the benefit of it.

We are giving \$6.5 million to the Barbados Tourism Investment Inc. (BTII), \$2.2 million we are providing to the National Sports Council to put down a new track.

Asides.

Hon. C.P. SINCKLER: So that Ryan, Crystal Evelyn, young Mascoll and Akela Jones and the others can come.

Asides.

Hon. C.P. SINCKLER: Mr. Speaker, grant funding of \$22.1 million is expected to carry out the following programmes: The Global Environmental Facility Pilot Project, the National Information...in fact, Mr. Speaker, before I get to that, I almost missed it, Mr. Speaker, how could I miss it and I give my apologies, Sir, no, I did not miss it, it is coming up. I am getting a little beyond myself.

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Mr. Speaker, the grant funding that we are getting is to carry out the following programmes:

1. The Global Environmental Facility;

2. The National Information Communication Technology Plan;
3. The provision of services online in Government; and
4. The Human Resource Sector Strategy and Skills Development Programme, the first of its kinds in Barbados, which is going to build out a strategy for improving human resources in Barbados.

That will be better administered under the Honourable Member for Christ Church East Central than EduTech did and that has been included in these Estimates.

If we get to discuss the Education Head, the Minister is going to speak extensively on that programme because it is not only through education, it goes through the Ministry of Labour in the Training Division and through the Ministry of Youth. It is the single biggest programme implemented by a Government of Barbados to systematically improve the human resources structure in Barbados. That is what we have done.

Our best resources are our human capital and we have to improve them even over and above the hundreds of millions of dollars we will continue to give to the Ministry of Education and Human Resource Department because their budget is going to increase this year too even in these tough times to get what we want done.

We said we are going to give \$5 million to the Small Hotels Investment Fund or the SHIF Project. Mr. Speaker, the one that I wanted to get to is that - and this is specifically dedicated to the Honourable Member for St. Joseph, the former Campaign Manager of the now failed candidate who has the worse defeat in the electoral history of Barbados - over the next financial year, the Government of Barbados will provide \$4 million for the restart of the St. John Polyclinic. Even as we do that, we are in the negotiations with the contractor and the financiers to ensure that we can secure the financing at a faster rate from the private sector to build out that polyclinic before the end of next year. Mr. Speaker, I hope to be alive with God's help to be able to see that polyclinic open so that the people of St. John can finally get that which the Barbados Labour Party Government denied them for 14 years in their most wicked, vicious attempt at spite of the people of St. John. Mr. Speaker, we will get it done with God's help.

We are providing \$1.7 million for the Coastal Risk Assessment Project under the IDB funded loan. Mr. Speaker, of course, as I identified in the Budget, we are providing \$1.5 million to FundAccess to ensure that they can make additional provisions for small businesses to assist them through this difficult period. A current subvention of \$37.2 million and a capital subvention of \$12.1 million would be provided to the Sanitation Services Authority including money to buy new trucks to ensure that

they can get the fleet up to guarantee better, faster and more efficient collection for the people of Barbados.

An amount of \$35.3 million would be given to the Barbados Drug Service to purchase drugs and to ensure that Barbadians can get those medicines that they require for their various illness. A current subvention of \$71 million would be provided for the University of the West Indies. A current subvention of \$21.5 million would be provided for the Welfare Department in Barbados to ensure that those persons who are affected by the recession do not fall through the cracks.

Sir, there is over \$99 million in the Budget for tourism to ensure that the Honourable Minister can get his work done. We have also provided, on top of that, \$6 million in additional marketing support for the Barbados Tourism Authority, a \$20 million Small Hotels Refurbishment Programme to help the smaller hotels which we announced and the establishment of a tourism loan facility to provide loan guarantees up to a total of \$100 million. That is the kind of thing that we are doing in this economy. The Ministry of Tourism will be actively pursuing not only its restructuring plan for the Barbados Tourism Authority but also looking into things like enhancing heritage and cultural tourism where we look at the Rum, Wine and Food Festival and at the heritage tourism trail. Sir, we are on the move. This Government is on the move.

Sir, there is also the development of the Tourism Master Plan, which has been properly canvassed across Barbados. We had overflowing numbers who came out to discuss the Plan, they are interested in what is happening in tourism, and that too would continue to be pursued. We would strengthen and intensify our marketing in the area of tourism and our promotional activities even as we look for new areas from which to draw tourists.

Mr. Speaker, we are giving some additional money to the Ministry of Agriculture, \$57 322 338, to ensure that we have increased agricultural production particularly as we seek to build out a national food security plan. Mr. Speaker, we will engage discussion with the Ministry of Agriculture very soon to ensure that we could find resources to put in place and to execute a national agricultural census. The Minister of Agriculture would speak more eloquently to those matters because our intention is to ensure that we insulate Barbados from the excessive food prices which we are seeing.

Mr. Speaker, I give Barbadians the assurance that this Government will keep monitor on those prices and we will make adjustments where necessary and where we can afford to the tariff schedules at the Port and to duties to ensure that we can make the situation manageable if in fact the public finances can afford it. I think that this point has

to be seriously made because within the next few years as the Honourable Member for St. Peter knows, in fact beginning from this year with the EPA because the moratorium period has come to an end, we are going to have a situation where because of the trade agreements that we have signed, there are areas in which we would have to remove duties and taxes and whatever the case may be. That would likely occur as well when we finish negotiating with Canada and if we do one with the United States of America even though that is not yet on the cards. The reality is that Barbados will stand to lose revenue going forward and all of what you see us do here, including our efforts at fiscal stabilization, including trying to build out tourism value added and to increase foreign direct investment, is geared towards giving us the ability to compensate for that loss going forward.

We also know that we have a duty as a Government to ensure that we make life palatable and livable in Barbados for ordinary citizens and where necessary we will make adjustments to ensure that food prices do not get to ridiculous levels in the country where people have to be rioting and looting in order to get a daily meal. That is not where we are going and it is not where we intend to go as a Government.

Mr. Speaker, we are expecting growth in the agricultural sector, particularly in non-sugar agriculture, to be around 1.7 per cent or maybe even as high as 2 per cent.

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Mr. Speaker, along with the plan to allow registered farmers to apply to the Barbados Water Authority to have a flat commercial rate, as I announced in the Budget, we expect that in 2011 they will benefit from a refurbished innovative infrastructure through the mains replacement programme to be implemented by the Barbados Water Authority and the installation of meters and new drainage of wells. We expect to establish the food, science and technology facilities for product testing and development services to stimulate crops and livestock's production, through the provision of research and extension services to farmers. We expect to continue to work in the area of greenhouse technology by placing emphasis on developing and procuring hydroponic systems. All of that is provided for in these Estimates. It is also provided that the agriculture school, which the Honourable Member is working on in St. Lucy will come on stream and will focus specifically on the issue of greenhouse farming, greenhouse technology and hydroponics.

Mr. Speaker, in the industrial area, in the Estimates we expect that the industrial sector outputs from the sectors leading mining, quarrying and construction should grow by 7 per cent and 4.8 per cent respectively. Electricity, gas and water are also expected to expand by 1.9 per cent, with

probably the only exception being manufacturing, which continues to be hard hit.

Sir, growth in the industrial will come about, we have just adjusted the VAT threshold in terms of registration from BDS\$60 000 to BDS\$80 000. We are working with the private financial sector, particularly the banks, to put together a small business loan development of a venture capital guarantee programme that I am going to propose to have the Inter-American Development Bank support, which will provide larger amounts of resources directly to small businesses in this country, so that they can improve and grow.

Mr. Speaker, we are doing this because the real growth in new jobs are not going to come from big companies in Barbados but from people who are going to establish their own businesses, who will hire two or three persons to work along with them. Therefore, we have to give better support to that. The beginning of that is in these Estimates and it will be built out, going forward with that scheme which I have just spoken about, details of which will be coming to this Honourable House very shortly. Indeed, when the Barbados Industrial Development Corporation completes the negotiation for that loan, which I was speaking about in the Budget last year, which will bring about US\$30 million into the Barbados economy...

Asides.

Hon. C. P. SINCKLER: Mr. Speaker, when that money comes into Barbados, it will help for the build-out of the Barbados Industrial Development Corporation capacity to provide services to small businesses and other concerns in Barbados, to ensure that we build out that sector. We expect that will happen.

Mr. Speaker, in the International Business Sector, we will continue to fight the matter regarding the Organisation for Economic Cooperation and Development States. We will also try to diversify our product in that area to attract new business in asset management, et cetera. I am already in preliminary discussions for the establishment of an international trading forum for the stock market in Barbados. A consultancy will shortly go out to begin to frame that particular process, to ensure that Barbados can get additional benefits from that, provisions of which have been included in the Estimates of this year.

Mr. Speaker, when one thinks about what we have here in these Estimates, it is clear that across the sectors there have been additional resources. There have been additional resources to the Ministry of Education and Human Resource Development, the Ministry of Health and in the Ministry of Social Care, among others. These resources are properly targeted to ensure that the social safety net in Barbados is strong. Mr. Speaker, in the

Ministry of Transport and Works, as we build out our strong infrastructural network in Barbados, additional monies will be made available through these Estimates to the Ministry of Transport and Works, to ensure that we have a proper road network in Barbados, which had been allowed to deteriorate, even in times of plenty when the last Government was in office for the 14 years and we have had to come and ensure that we can get those road networks built out.

Mr. Speaker, across the board, from social to infrastructural, to national security, to economic, these Estimates speak to a plan of the Government of Barbados to stabilise the economy, to return it to growth or to continue the growth, that it becomes stronger and more sustainable and ultimately to ensure that we can build in this country a Government which is efficient, equitable, and effective. That is what these Estimates of Revenue and Expenditure do for this country, that even from the depths of the world's greatest recession, even from the depths of the world's greatest financial crisis, which has affected countries all over the world, including the Caribbean, in a most debilitating fashion, that this Government could have held the ship of State steady and could have sailed them into safe harbour under the able guidance of the late Prime Minister and of the new Prime Minister of Barbados, who continues to give exemplary leadership to this country. Mr. Speaker, operating under that guidance and advice as Minister of Finance, I present to this Honourable House these Appropriations Bills, to ensure that this Government continues to build for Barbadians a place in which new pathways to progress can be opened up to ensure that the living standards to which we have become accustomed, not only are stabilised but can continue to rise for the benefit of Barbadians and visitors alike. I ask the Opposition to lay down the cudgel of opposing and join with the Government of Barbados in ensuring that this project can be guaranteed going forward and that we can do this for the betterment for the people of Barbados.

Mr. Speaker, with those few words, I beg that this Appropriations Bill be read a second time.

Mr. SPEAKER: I am obliged.

SUSPENSION

Hon. J. D. E. BOYCE: Mr. Speaker, after those few words, I beg to move that this Honourable House be now suspended until 2.30 p.m.

Hon. Dr. E. R. BYER-SUCKOO: I beg to second that, Sir.

The question that the House be now suspended until 2.30 p.m. was put to the Honourable House and agreed in

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

1.17 p.m.

RESUMPTION

Mr. SPEAKER: This Honourable House the Sitting of this House is resumed. When the Suspension was taken, we were on Order No. 6 and to with that we shall continue. The Honourable Leader of the Opposition.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, Sir, you must allow me to begin by saying without any equivocation or without any insincerity that I want to express complete empathy with the Minister of Finance who, in my judgement, has had to, in the presentation of this year's Budget, because that is what it is, had to play the most difficult hand ever having to be played by a Minister of Finance in Barbados Sir, I want to put that on the record having been myself a Minister of Finance for 14 years, I understand only too well the travails that Ministers of Finance have to undergo sometimes even in the best of times and this year's Estimates carry with them a historic dimension if only because a Budget had to be presented by a Minister of Finance within the context of the most difficult economic circumstances that this country has ever had to face.

Mr. Speaker, it is in that context that I regret that the Minister rather chose to reflect an understanding of the details and show his familiarity with things that he presumes that economists need to be familiar with such as econometric models rather than provide an appropriate context within which the House and the country can judge what is being attempted by the presentation of this year's Estimates of Revenue and Expenditure, what it is likely to achieve and what, Sir, are likely to remain undone to the country's disadvantage.

Mr. Speaker, let me say again that I had really hoped, based upon the statements of which I delivered myself in the Budget debate of November, and subsequently on every occasion that I have had to speak, I had hoped that we, in the Opposition, would have been able to come to this House to indicate that a process of engagement has been allowed to us, as we had called for, that would have allowed us to see these proposals, the Estimates in advance, sit with the best minds in the country and put together a programme not just for consolidation but for transformation of Barbados that all sides of the House could have without any Opposition, say that we want to embrace as the programme that would enable this country to rise above its difficulties at this time. Sir, we put that proposal and we put it in all sincerity but it was not acted up. The Government has chosen to act unilaterally and we now have before us a Budget to which we have had no

contribution by which we have to evaluate and take decisions in respect of, taking account of the crisis as we see it.

I regret, Mr. Speaker, without trying to demean the Minister of Finance that his presentation was a rush of words, and just a rush and statement of bald and bare statistics but it is necessary for us, if we are to have a realistic Budget in the climate that exists in Barbados today to have a context that goes beyond the mere statistical context within which the Minister sought to locate his presentation.

Mr. Speaker, the Minister spoke for more than two hours, perhaps three, and you would not have been able to discern that there is a human dimension to what we are dealing with and that this Budget, this set of estimates and expenditure would affect people in a direct way but not only affects them but affects the households of Barbados at a time when across the heartland of this country people are expressing a feeling of hardship and a sense of despondency over their inability to make ends meets.

Mr. Speaker, Barbadian people are a resilient set of citizens but the Barbadian people are, as I speak to you,

having to juggle bills, defer payments, cannot see the future not only because of international recession, and I would freely admit that part of our difficulties derive from international recession but there is a household sector that is struggling in large measure because of the series of impositions and charges that the Government has introduced since 2008 (6:23) but this matter was not addressed. Equally, Mr. Speaker, there is an economy that constitutes itself as a set of enterprises because, in the final analysis, an economy is just a set of enterprises and a set of households. Sir, an economy constituting itself as a set of enterprises that is struggling too and is in danger of buckling, as I will illustrate by my presentation later of the vital information about the major enterprises, that an economy that is struggling but yet, Mr. Speaker, a Budget was presented without any attempt whatsoever to come into contact with that brutal reality that confronts our enterprise economy.

Mr. Speaker, there is a greater issue to which I want to speak. We have had a glory run as a small developing economy. We have known what it is to rise to the top of the Human Development Index of the UN among all the developing countries and we have managed over 40 years to generate, not just a quality of life, but a material prosperity in this country based around a particular anchor and that anchor has been the stability that Barbados has been able to enjoy because of the preservation of an exchange rate that has been fixed. It has allowed us to plan the development of this country and it has allowed people

making investments in this country to be able to look beyond the horizon and to see the future.

Mr. Speaker, Sir, we at our peril, will underestimate the threat to a country's fixed exchange rate if certain economic fundamentals are destroyed. The maintaining of a fixed exchange rate can only be sustained in the context of fiscal discipline. Sir, large unsustainable fiscal deficits financed by domestic credit creation over an extended period of time are cancer, Mr. Speaker, an economic cancer and, Sir, detected and dealt with at an early stage, it will allow the country to be able to perpetuate not only stability but in our instance, our growth and development depend upon stability. Sir, large and unsustainable fiscal deficits, perpetuated over a period of time, uncorrected at an early stage and financed, Sir, by the addiction of excessive domestic credit creation will eventually undermine the stability of the country by putting that fixed exchange rate in peril.

Sequence 20

Mr. Speaker, it is to all these issues that the Opposition would have been grateful to have a meeting with the Government in advance of these Estimates, because potentially at peril is the quality of life of our people, the viability of our enterprises, and most especially so, the very stability of the Barbados economy, and with it the prospect for sustainable growth and development without which we cannot achieve what we need to achieve in this country.

Mr. Speaker, we would have been therefore anxious to have been able to, as I said, contribute to bringing something here that enable us to be satisfied that the people's dimensions of our circumstances at this time have been seriously addressed, and they are not going to have to pay a price for fiscal excesses in the form of a significant reduction in the standard of living of our people, but as I speak to you, Sir, it is possible that for the first time in post Independence of Barbados at some time soon, a reduction in the quality of our people may have to become one of the principle policies of the Government of Barbados if this situation is not checked.

Secondly, we would have loved to have been able to say that we can support the Estimates that we are satisfied that they would protect the vulnerable, that they would address fundamental issues concerning the stability of our enterprises, but more especially we would have been glad to have been able to say to the House that these Estimates have settled on a series of strategic goals and strategic programmes for Barbados and give us the assurance that this country can be put on a sustainable programme.

Mr. Speaker, I do not want to get involved in criticism just for the sake of criticism. I have had the

opportunity to be responsible for this country's economic affairs for 14 years virtually as ...

Asides.

Rt. Hon. O.S. ARTHUR: As it is said, I have a vested interest in the economic growth and development of this country.

Sir, I really do believe that there are a number of issues arising from the presentation of the Minister that require me to put before the House these following issues as the issues around which I want to coalesce the presentation that I will make to the House.

Sir, the first issue is, and I cannot over emphasise the significance of managing the fiscal deficit as a critical issue. The first issue is, if the country faces a severe, economic and financial crisis before these Estimates came to Parliament, it will continue to face an equally severe crisis after the House has agreed to pass these Estimates and put them into effect. If it a crisis before, the crisis will even be deeper after these Estimates come into effect, and I will bring the evidence to support that.

Secondly, one of the issues that these Estimates raise, and that I will speak to, is a simple issue that the Government is not following the processes and the prescriptions outlined in its own medium-term fiscal strategy, nor is it following any processes nor prescriptions outlined in any other clearly defined fiscal strategy for this country that offer us the hope of a pathway out of the financial morass that is rapidly overcoming and overwhelming our national economy. Sir, I will present the arguments and the evidence to support that.

Mr. Speaker, thirdly, the financial programme contained in the Estimates put the national, and more specially so, put the public finances merely in a holding pattern. This is true and I will show why.

Sir, in circumstances only fundamentally transformational policies and initiatives will suffice, the changes to the deficit, the changes at the core of the Estimates are merely emotional and token, and I will illustrate hard but crucial decisions that need to be made regarding the level and the direction of Government's spending that has not been made, and too many issues that require resolution in the immediate past, now, and the immediate future now appeared to have been deferred. Sir, I will address that matter.

Sir, next, the fundamental issues concerning the way in which the fiscal deficit is to be financed. I must stress this matter, because we come to the Estimates not just to get involved in old talk. We must deal with financial issues and we must be satisfied as we leave here that the deficit

can be financed. Fundamental issues concerning the way in which the fiscal deficit is intended to be financed reeling to excessive dependence on the NIS as a source and on the local financial system in general are rising to the fore as matters which cannot now be ignored, and which improperly addressed will compromise the Government's capacity to implement the programme that is embodied in these Estimates.

Mr. Speaker, these Estimates provide for the largest ever expenditure by any Government of Barbados. Yet, they do not provide for any serious creative initiatives that hold the promise of enabling the country to break out of its economic deadlock in the immediate future.

Sir, we heard a lot of pronouncements and announcements again by a Member of the Democratic Labour Party but when you check the Estimates many of the things that are being spoken of are not in the Estimates. Indeed, it need well be said the only major provision in the Estimates is for the St. John Polyclinic. Yet there are reports that the economy is growing and we are glad to hear that the economy is growing, but it has also to be said if a realistic perspective is to be presented on our economic and financial circumstances, that particularly the economic recovery is relatively weak, and if I may contextualise this from the very outset, he said that a requirement for a sustainable growth rate for this country is 3 per cent, nothing less than something like a 3 per cent growth rate would allow us to meet the requirements of an expanding population and address fundamental issues in respect of unemployment in normal times.

Sir, an economy coming back from recession, growing at 0.3 per cent is relatively weak. Therefore the growth that is being trumpeted as the basis for this Estimate presentation, when said against the deep economic contraction experienced over the last three years matters hardly, and suggest that the Government still has not yet found the means of putting this country on a sustainable growth path that would allow us not just to meet current requirements of the existing population, but to enable us to significantly invest in the future of this country, as to enable us to look to a future that is better than the past.

Sir, fundamental challenges also need immediately to be addressed, and it has not been addressed in the presentation by the Minister. The International Monetary Fund's most recent Article IV consultation on Barbados draws reference to the significant deterioration in the financial circumstances of public enterprises. We need to speak to that because it is part of the growing cancer facing this country. Sir, I will speak to the deteriorating financial situation of enterprises in Barbados of all stripes and dimensions. The matter has not been addressed.

Mr. Speaker, the significance of the loss of reserves in January at what should be the peak of the foreign exchange earning capabilities of this country points to a structural weakness in the Barbados economy that cannot and should not be ignored and must be dealt with. Mr. Speaker, the drift bordering on delinquency in addressing the challenges faced by the offshore financial industry is a threat to our economic survival and prosperity that has not been properly addressed by the Government and while the Opposition will support the Government we need to hear more from the Government.

Sir, we need also a change of course in respect of energy pricing particularly - and I will explain why - and for more clearly defined sets of policies to enable the Barbadian society at large to feel that the Government has a plan and a programme that can help to contain, and I am not saying that the Government can - by some magic, abolish inflation - but that can contain the pain that the Barbadian society is facing because of a surge in prices. This matter, Sir, is being dealt with by the Government in the formed pronouncements, propaganda and rhetoric but there is no clearly defined programme although things can be done.

Sir, too many important matters and decisions that can have a fundamental bearing on the structure and performance of the economy had not been addressed by this Government. Especially, Mr. Speaker, an environment of confidence within which economic activity must take place, I submit to the House is also being undermined by the contortions in the public statement issuing from the Minister of Finance himself, in respect of the content and the implementation of Government's economic policies. You cannot have growth and sustained development without engendering confidence. Statements from both the Minister of Finance and from the Central Bank of Barbados have created a disquiet in this country by undermining what should be that environment of confidence without which this country cannot go forward.

Sir, at the core of the economic and financial distress that these Estimates really paint, is the failure of the Government to exercise discipline in dealing with expenditures and the failure of the Government to exercise discipline in the way in which it is assuming new and large obligations that will add to the debt burden and will compromise the Government's and the country's ability to make ends meet.

Much of this country's financial problems, Mr. Speaker, are self imposed. Some have their genesis in the determination of the Democratic Labour Party to make the taxpaying public pay for its partisan political programme. Adjustments that have to be made are not being made largely for partisan political purposes. In 1991, the previous Democratic Labour Party Minister when challenged by the

same kind of syndrome that now confronts Barbados made it very clear that he was not going to do anything that caused the Democratic Labour Party to have to commit political suicide.

The bottom line issue that these Estimates raise therefore, is whether this DLP administration faced also with a ruinous fiscal situation, faced also, Mr. Speaker, with the size of deterioration in our foreign exchange earning capabilities, faced also, Mr. Speaker, with an unsustainable fiscal situation that is already beginning to erode the foundations of the stability of the Barbados economy, the fundamental issue is whether this Democratic Labour Party administration, unlike that of 1991/92 will put Barbados' interest first and protect those interests or whether it will continue to sacrifice our national interest on the altar of partisan paramountcy.

I will deal, Mr. Speaker, with each of these item issues in detail. I say to this House, Sir, I am not going into the mumbo-jumbo of the numbers that the Minister presented. One thing is clear, if this country faced a severe economic and financial crisis before the Estimates and we approve these Estimates, we will leave this House satisfied only that the country will face an even more severe economic and financial crisis after these Estimates are approved.

I would urge Members on the other side not to make light of the crisis in the public finances. Members would do well to read the most recent Article IV Consultation of the International Monetary Fund of December 15, 2010. I had to read it because there is a graphic that sets and ought to set the backdrop to what this fells it has to do. Mr. Speaker, there was a time when, Mr. Speaker, the public financial situation of the Government of Barbados on a sustained basis was the second best in the Caribbean, second only to that of Trinidad and Tobago. The International Monetary Fund in its December report indicates now, Sir, not only that Barbados' fiscal position as measured by the overall fiscal deficit has deteriorated significantly but has deteriorated compared to its neighbours.

What this little box tells you is that Barbados has been transformed. Can the country be the second best position in the region now to the country with the worse? Sir, the numbers show that Barbados' overall fiscal position is now worse than that of Jamaica, it is now worse than that of Belize, it is now worse than the entire ECU, it is now worse than the Bahamas, it is now worse than Trinidad and Tobago. Mr. Speaker, not only is it the worse now in the region but while ours continue to deteriorate, other Caribbean countries facing the same situation as we, are finding ways to consolidate and improve their fiscal situation.

I made the point at the start of my presentation, Sir, that if the country and the Government face a crisis in the public finances before these Estimates, it will continue to face a crisis after these Estimates. What, Sir, is that of which I speak? Mr. Speaker, I would ask you to just look at the Memorandum contained in the Estimates of 2011 and let me give you the facts.

- House A87, Sequence 22

For the financial year ending in March 2011, on the basis of the calculations using the standards of the international financial institutions, the Government would have incurred an overall fiscal deficit of 7.4 per cent. Using the accrual process, as a result of certain adjustments the net operating balance of the Government for the year to end in March 2011, will be 7.5 per cent. The Minister has brought to this House Estimates that are intended to be part of a programme of fiscal consolidation to reduce that which I have told the House, if it is not reduced, would become an economic cancer.

Sir, while we are going to have a deficit of 7.5 per cent to March 2011, these Estimates says that the deficit is going to be 8.3 per cent. Sir, the net operating balance is 8.3 per cent. Mr. Speaker, if the deficit for last year was a crisis, the deficit...

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I said that the net operating balance, compare the two, using the accrual approach, which is what the Government of Barbados now uses, is 7.5 per cent of GDP.

Asides.

Rt. Hon. O. S. ARTHUR: We no longer use the cash balance, we use accrual accounting. It moved from 7.5 per cent to 8.3 per cent so that the Government is in fact foisting on itself, using the accrual approach by these Estimates, a deficit that will be larger than the deficit that has been incurred in this financial year to end in March, and this is the point.

Sir, here comes the crunch. The deficit that the Government will incur for the financial year to end in March already would have been improved by the major revenue adjustments that the Government feels that it has to bring to account.

The Minister has said, Mr. Speaker, unless he now wants to change, that the revenue adjustments of which he delivered himself in November were intended to be temporary, so he has already done and gone as far as he can go in trying to address issues in respect of the sustainability of a fiscal deficit by making revenue enhancement

measures, yet for the financial year to come, you are going to have an even bigger deficit despite the fact that revenue enhancement measures have already been put in place.

I do not say likely, Mr. Speaker, that if we had a financial crisis before the Estimates, that what is contained in these Estimates, given the drift of Government's policies, will confront this country with an equally or even more severe financial crisis. I am using the Government's own..., I am not inventing anything.

Sir, when you look at the out-turn for last year and you begin to reflect on what is before us... Sir, I am not going to nitpick about revenue estimates and projections. These things have to stand the test of reasonableness. There has been accumulative declines in the Barbados economy of over 10 per cent between 2007 and now. Sir, you are talking in terms of an economy that is smaller in 2011 than it was in 2007 and that the growth thus far has only been 3 per cent.

Asides.

Rt. Hon. O. S. ARTHUR: If my representative who has promised to build a polyclinic in St. James to match the one he is building in St. John would allow me to speak, I would be grateful to you but I ask your protection, Sir.

Asides.

Mr. SPEAKER: Honourable Member, please continue.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, we speak in terms of an economy in 2007 that is ten times larger than the economy that the Government will have to operate with in 2011. Sir, in an economy of 2011 that is 10 per cent smaller than the economy in 2007, the Government is projecting to realise \$2.5 million in revenue as compared to \$2.4 million in 2007. Higher tax takes from a smaller economy must tell you something, Mr. Speaker, either about the realism of what is before us or the extent more realistically to which this Government is indulging in tax gouging.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the harmony that exists between Government's borrowing and its investment in the future of this country also raise fundamentally troublesome issues in respect of the Estimates that have been presented to this House.

Asides.

Mr. SPEAKER: Okay, Honourable Members, order.

Rt. Hon. O. S. ARTHUR: In the financial year to end March 31, 2011, this Government, by the Government's own statistics, would have borrowed \$1 466 000 000 in one fiscal year to finance its deficit. I want to repeat that. This Government, in the financial year to end March 31, would have borrowed \$1 466 000 000 to finance the deficit. Its capital programme for the year was \$144 million, so you are borrowing virtually \$1 500 000 000 but only \$144 million of that has been invested in capital projects that can be the benefit of a future generation. Let us not make light of this, Mr. Speaker. Comparatively, what does this mean? In 1981, in the context of a small economy, in the context of significantly smaller borrowing by the Government of Barbados, the "Tom" Adams Administration had a capital programme of \$171 million. Sir, here we are in 2011 with the largest expenditure by any Government in the history of this country, by the largest amount ever borrowed in a single financial year by any Government in Barbados and one of the smallest capital programmes ever in nominal terms and, when we discount for changing prices over time, the smallest in the history of this country.

Sir, these are the things that we have to pay attention to. How do you rationalise borrowing \$1.5 billion and only investing \$140 million in productive capacity that can be of benefit to the people of this country?

House A87 Sequence 23

Mr. Speaker, last year the Government borrowed \$1.5 million; in this year to come, if and when this Honourable House approves these Estimates, the Government will be borrowing more than \$1 billion in loans, and for what. Sir, the large proportion of the amounts borrowed by Government will continue not to finance the production of new creative assets in this country, but the lack of progress by this Government in dealing with our financial crisis is reflected, again, in Government Estimates of Expenditure, that in the year to come we will have to borrow \$417 million, just to pay the current bills of the Government of Barbados. Sir, a fundamental question has to be addressed.

Mr. Speaker, the Government has committed itself, so it says, to a programme of fiscal consolidation, and these Estimates are intended to be an integral part of this programme of fiscal consolidation that are intended to see these deficits wiped out and replaced by a surplus by 2014. Mr. Speaker, I ask Honourable Members on the other side, if you have a deficit of more than \$1 billion, you have already made the revenue adjustments, you say that those revenue adjustments are going to be temporary, by what form of magic are you going to carry out now this adjustment to convert this situation into a surplus by 2014, because that is effectively the judgment that we have to exercise.

Mr. Speaker, I am not going to charge the Honourable Member with playing with numbers but you ask yourself what constitutes the major matter that explains that we may have a smaller deficit this financial year to come. Sir, what are those matters? Sir, not any significant reduction in expenditure, as I said, the Government has already made the revenue adjustments. What are the adjustments in these Estimates that give the appearance of a smaller deficit? Sir, two items: the reduction in the provision for depreciation from 60 per cent to 24 per cent and the reduction of Government provision for bad debt; two items that do not require a source of cash explains why the Minister comes to the House to tell us that he is in a position to cut the depreciation from 60 to 24 per cent, cut down provision for bad debt. That is all the adjustments that are in these Estimates, in a situation where the Government of Barbados faces an unsustainable fiscal position.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I made the point as well that these Estimates have not been prepared to give effect to the processes and provisions contained in Government's own Medium-term Fiscal Strategy. Sir, I am going through them one by one. If they have not been thus prepared, could the Minister please tell us what effectively is the strategy informing the Estimates.

Mr. Speaker, I have already said that Barbados has a unsustainable fiscal situation, the Government has committed itself in this Medium-term Fiscal Strategy not only to remove the unsustainable deficit but to remove it by a number of processes and by a number of substantive provisions that are outlined in the Medium-term Fiscal Strategy itself, and let me read first. In order to reduce the fiscal deficit, the Government said that there are process by which the fiscal consolidation and the removal of the deficit will take place as the chief process - and listen carefully - is that Government will contain personal emoluments cost by allowing total growth in personal emoluments to be equivalent of the sum that would normally pay as increments.

Mr. Speaker, this is the policy, the substance and the process by which it is intended that a deficit that is as high as 8 per cent of Gross Domestic Product will begin to be reduced, such that by 2014 we will no longer have any deficit at all but will have a surplus. Sir, what are the facts and why do I say that these deficits do not reflect a commitment by the Government to abide by the processes and substance of its own strategy?

Mr. Speaker, why do I say that? I say that because it is one thing to say that these Estimates have been designed to maintain employment in the public service. Mr. Speaker, were that the case, we would expect, in the absence of a

wage increase, for the increase in the personal emoluments vote to be equivalent, as the strategy document says, to increments. But what did the Estimates tell us? That Government's personal emoluments vote is not designed to maintain employment but to be increased by 19.1 per cent. Sir, may I repeat that. How do you, Minister of Finance, reconcile, bring to the House a set of Estimates to give effect to a medium-term fiscal strategy, when the medium-term strategy says that personal emoluments will only rise by the extent if you are going to bring the deficit under control but in the absence of a wage increase, the personal emoluments Bill is to be increased by 19.1 per cent.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, it is up to him if you do not pay the people their pensions, that has nothing to do with other personal emoluments and wages. Mr. Speaker, what this implies, if these Estimates are implemented, Government's Other Personal Emoluments Bill will rise by more than \$35 million in a year.

Mr. Speaker, I want to speak to this. I was also in that seat too and there are two things. Sir, that is why I sympathised with the Minister of Finance. There is always a struggle between the Ministry of Finance and line Ministries, in respect of line ministries, at the behest of ministers, to take on people willy-nilly. There was a time in this country when there was a thing called casual employment, this created a farcical situation where every Friday afternoon there were people who turned up at the Queen Elizabeth Hospital to be paid, without being members of the permanent staff, without being members of the temporary staff or without having a contract whatever for the employment.

Mr. Speaker, in relation to statutory boards, early in my term as a Minister of Finance, I had to curb the appetite of my ministers, just to want to create jobs without reference to fiscal discipline. We had to cap the number of new jobs that could exist at any institution and put in place a directive that statutory boards seeking to take on new staff, first had to consult with the Ministry of Finance as to whether or not it was possible to employ such staff.

3.22 p.m.

Sir, in addition to that, you would recognise that in 1998 when the VAT had to be introduced, one of the things that we had to do was to make sure that we abolished the capacity for the creation of casual workers, and these things you will eventually find in their memoirs, Sir, because even before we were able to decide how we would deal with VAT surpluses certain Ministries had already spent the surpluses in the form of casual work employment.

The change that was made, Mr. Speaker, to the Public Services Act was to deal with the issue of the indiscriminate creation of temporary staff because it is still a problem, not in the Ministry of Finance but across the Public Service. There is a willingness just to take on people without regard to the fiscal considerations and the easiest thing to get out of control is a public sector wage bill unless there is a determination to exercise discipline at the financial centre.

Mr. Speaker, I am satisfied that the recent changes to the Public Services Act has put us, once again, back in a position where there is the taking on of staff, and large numbers of staff too. Sir, the difficulty to be faced in dealing with other temporary employment is that while permanent staffs are shown in the Schedule of Personal Emoluments, you do not see in the Schedule of Personal Emoluments any provision for temporary staff but we have seen in some Ministries like the Ministry of Energy, the duplication of the same function, Sir, and if I may illustrate. There is a Drainage Unit that costs the taxpayers over \$7 million and the Democratic Labour Party has now created an additional Drainage Unit at a cost of almost \$6 million, and in this year's Estimates although they now have two Drainage Units, the Government has spend \$1 million on consulting services to develop a storm drainage plan. Sir, these things are true. Mr. Speaker, the question that arises about the transfers. What is the extent of the transfers that has to be made to institutions where Ministers are using the statutory boards as employment agencies? Mr. Speaker, Sir, I would be first person to support the Government, and I am, in the objective that you have to maintain employment but the notion that you can just indiscriminately expand the payroll...

Asides.

Rt. Hon. O.S. ARTHUR: It increased by 19 per cent, read the Estimates. Sir, that you can expand the payroll without regard to your cash flow is part of the problem why in the next financial year there can be no reduction in the Government's overall fiscal position. Sir, sometimes you wonder if the members of the Democratic Labour Party read their own plan. Sir, the medium term fiscal strategy of the Government of Barbados, which I say the Government is not following says thus:

"that to consolidate the fiscal position of the Government and to move from this large fiscal deficit now to a fiscal surplus sometime in the immediate future,..."

Sir, and hear the word.

"the Government is going to reduce the level of spending on goods and services."

Mr. Speaker, that is clear, reduce the level of spending on goods and services can only mean that the amount that is to be provided this year would have to be less than the amount that was provided last year. Sir, what is now being asked of us, that Government's expenditure on goods and services is to increase by \$55 million next year over this financial year to be ending at March 31st. Sir, it is to increase by 15 per cent. If the rate of inflation was 20 per cent in Barbados then, perhaps, you could say that these Estimates are consistent with some reduction in the real spending but, Sir, inflation in Barbados is at the best 6 per cent. How do you justify having in your Estimates a 15 per cent increase in Government's purchases of goods and services with inflation running at 6 per cent in the country but the Government committed, by strategy, to using a reduction in its goods and services as part of the effort to reduce the overall fiscal deficit?

Mr. Speaker, when I say that these Estimates are not consistent with the processes as well as the provisions in Government's own medium term strategy, I speak with reference to the facts as they are provided in the Estimates. Sir, the Minister carries us through a song and a dance and mumbo jumbo about these efficiencies, processing, procurement and all things but what is the bottom line. You are asking this House to agree that the Government is serious about reducing the deficit and its requirement to borrow \$1 billion every year. You are also asking the people in Parliament and outside to respect that this strategy is still a serious strategy document but yet you are doing exactly the opposite of what this document requires the Government to do.

Mr. Speaker, in consequence, can the Minister please tell us how he is going to simultaneously fulfill the objectives, laudable as they are, sought by this document while making provision for Government's purchases of goods and services to rise by 15 per cent? Sir, next point. This medium term fiscal strategy sets a very laudible objective. It recognises that if the Government was to use more concessional financing rather than having to more commercially that debt service could be reduced and, therefore, some of the fiscal goals being sought by the Government could be attained by changing the mix of Government financing and that alone.

Mr. Speaker, what does it say? What is the evidence of the recent past, and what is to be the evidence going forward? Sir, this medium-term fiscal strategy indicated that in this financial year the Government would have raised... Let me give you the numbers, Mr. Speaker.

Sir, in the year 2010, the Government would have raised \$295 million in financing from concessional sources to finance the overall fiscal deficit as part of the general effort to use more concessional financing and cheaper

sources of funds in the context of reducing the fiscal deficit. Sequence 25

This fiscal strategy says you were going to borrow \$295 million this year, ending March, from the IDB, World Bank and Caribbean Development Bank to finance the deficit. In this year the Government raised not \$295 million but \$24 million. Now the change in the weeks of financing in favour of concessional financing was to be part of the Pathway to The Future. How do you rationalise planning for \$295 million to help but getting \$24 million. Then still telling me that you are following your plan. What about the year to come? In the year to come the Government proposes in its Medium-term Fiscal Strategy to raise \$268 million from these institutions. What is the provision in these Estimates? Sir, \$42 million. Sir, this Medium-term Fiscal Strategy that prescribes that part of the process forward for the Government of Barbados in bringing the deficit down to sustainable levels will be the replacement of commercial debt by concessional debt, and variance between the two is so significant that one has to conclude that they have a surrogate, that the Government is not following its own Medium-term Fiscal Strategy and if it is not, it must tell us what it is following, because it has set a goal. The lending agencies and others will ask it to abide by, that these unsustainable fiscal deficits will have to be converted to a surplus within two years.

Sir, I go further. This Medium-term Fiscal Strategy prescribes as a process that 50 per cent of Government's capital expenditure should take the form of public/private sector partnerships. Sir, the truth is, I support that wholeheartedly, and I say to the House that this generation of Barbadian Parliamentarians, will have, increasingly so, to look to carve out as potential private investment opportunities, things that historically fell to the State. There is nothing wrong with it. It is sad that in some respects an adverse climate of public opinion was cast, when a previous administration did in fact say that the only way in which we were going to get things done in Barbados, is if we allow the private sector to treat as private investments things that have historically followed as matters to be dealt with as the exclusive prerogative of the State, the building of roads. We have been culturised that only Government should build roads, but we must begin to think differently because if the Government must find all the money to build roads, we are never ever going to get out of this fiscal position. Sir, be it the Justice project, being the UN building, the Coast Guard...

Asides.

Rt. Hon. O.S. ARTHUR: As you wish.

Sir, the fact is this. If the capital programme for next year is going to be \$250 million, consider the impact on the reduction of the overall fiscal deficit if half of that \$250

million could be a public/private partnership that takes \$125 million off the deficit. The deficit will be decreased by the implementation of that policy by half in respect of the amount to which capital expenditure contributes to the overall deficit. Sir, nobody can quarrel with the notion that public/private partnerships should not be part of the medium-term fiscal strategy of the Government, and that properly and effectively used, that there can be a very important way in allowing us to have things done in this country while maintaining a sound fiscal policy. We cannot argue with that.

Sir, you ask the question, where in these Estimates are any provision for projects funded half-and-half as public/private sector partnerships that will allow us to use that modality of cooperation between the private sector and the Government in a creative way to reduce the deficit?

Sir, I am told that the Warrens Project was intended to have been such a project. It is now fully on the budget, because the Minister of State responsible for investment is reported to have said that you can raise the money more cheaply than if the private sector was to borrow it, and what could have led the way as a public/private partnership under this Government to give effect to its own strategy has been shelved.

Asides.

Rt. Hon. O.S. ARTHUR: I will show you that the Barbados Labour Party has left space in the prisons for you.

Asides.

Mr. SPEAKER: Honourable Member, please address the Chair. Honourable Members.

Asides.

Rt. Hon. O.S. ARTHUR: Excess capacity is up there.

Mr. Speaker, I am saying as well that these Estimates raise many other bothersome issues. The financing of these Estimates is one such. We come to these Estimates debates, and to come to them you really have to raise hardcore issues that the Estimates themselves bring to the fore. One of these issues that you have to deal with now in the light of prevailing circumstances is, can the Government continue to rely upon domestic credit creation to finance deficits as large as a billion-and-a-half, and in this instance as large as one billion dollars? Sir, when that strategy was conceived, it was conceived of in a situation where the deficit was small, 1.5 to 2 per cent of the GDP, a very liquid domestic financial sector, by the creation in the context of a situation where the country was experiencing

very robust private capital inflows. As the House would know, when you bring \$1.5 billion in private capital inflows that significantly adds to liquidity in the banking system.

Sir, the reliance on the domestic market to finance large deficits is a matter a Government sensibly has to proceed with care, always taking into account the ability of the domestic market and especially the major financial institutions of that market to finance deficits of the size that the Government requires.

Sequence 26

Last year, Sir, the Government borrowed \$1.5 billion of which over \$884 were on the local market. They would have indulged in a lot of local borrowing, in the recent past. A judgment has to be formed. It now intends to want to go back to the local market this year to borrow \$985 million. Now, these are the matters that the Minister of Finance should be discussing with his colleagues and coming to the House to discuss with us because we have to give him approval, not just to go to spend the money but to be able to raise the money by way of taxes and loans to get the job done.

The Minister spoke in this House for virtually three hours and did not seek to share with his colleagues issues in respect of the dynamics of the local banking system and the capacity of the Government just to keep going to the local market to be able to borrow and to borrow and to borrow. Sir, the Minister would have had the benefit at a recent Committee, Special Meeting of a Cabinet Committee on economic policy. He would have had the benefit of a presentation by officials of the Ministry of Finance. In that presentation it was brought to the Minister's attention that the Treasury Bills limit have been increased and I now want to quote:

"It has however been noted that Treasury Bills have been experiencing under subscription in the last month of 2010 and in the first months of 2011 and that the recent under subscription totalled \$84 million."

I want to repeat that, Mr. Speaker. The Government tells us in these Estimates as they told us last year and I warned about this that it was going to be able to raise substantial sums through the issue of local Treasuries to pay to meet the deficit.

The most recent report to the Government indicates the difficulties that are being experienced by putting such...Government issues of Treasury Bills are being under subscribed. It simply means that if the Government claims to redeem \$184 million, it was only able to redeem \$100 million.

The Government has been making increasing use of the National Insurance to finance the Government's deficit, significant to the point where over two-thirds of the assets held by the National Insurance take the form of its investment in the Government's Papers and the Government's activities and the Government is galloping ahead, Sir, as if the National Insurance is just another form of open sesame.

Sir, what it is, the National Insurance is having to finance a lot of the on Government deficits. It also, Mr. Speaker, is building to making an investment in two properties on the Highway. Recently, the National Insurance has been asked and is preparing title and build a new residence for his Excellency, Your Ambassador to the United States of America.

Asides.

Rt. Hon. O.S. ARTHUR: It is, building a new residents for the Ambassador to the United States of America and doing it in London as well. All that is being done. Sir, the National Insurance is also struggling to find the \$50 million requested by the Board of the QEH, to undertake the capitalisation of the QEH, because while the Minister has only provided \$145 million on budget, the Minister of Health knows that the QEH needs not \$145 million but \$195 million and application has been made to the National Insurance to borrow the rest and to raise loans for the BNOC.

Mr. Speaker, these are serious matters. The ability of the Government of Barbados to maintain the financial integrity of the National Insurance can be compromised if a significant amount of the assets of the National Insurance take the form of liabilities of the Government of Barbados. It is now in the vicinity of over \$2 billion of the \$3 billion that the National Insurance holds as assets.

Mr. Speaker, these are matters that a Minister of Finance better discuss with his colleagues because the matter is receiving the attention of people at the National Insurance itself. Sir, I would like to read to you from a report of the Investment Committee of the National Insurance held in March 2011 where it says, the Manager Investments stated that the report for January 2011 was under review. He noted that the portfolio continues to be heavily weighted in the Government of Barbados securities with a total exposure being 69 per cent. He states that there was need for diversification outside of the Government of Barbados as 91 per cent of the portfolio was also in Barbados. Sir, this is how he concluded. The Manager of Investment at the National Insurance, this concentrated risk and exposure of the Government of Barbados to the National Insurance were approaching an unacceptable level.

Mr. Speaker, the National Insurance has been advised by its own Manager of Investments that the exposure of the National Insurance to the Government has reached an unacceptable level and yet the Government is pressing on and pressing ahead with putting not just additional obligations on the funds to our on budget financing because a large part of this...

Mr. Speaker, I heard in silence and I ask for protection, Sir.

Mr. SPEAKER: Honourable Member, please continue.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, we heard from the Minister of Finance and did not hear a word as to whether the Estimates in this House that requires the Government to raise almost \$900 million locally is a financial strategy that could be feasibly conducted, given as I said that the Treasury's are under subscribed., I believe, Mr. Speaker, that it might well be the thing

that the Government requires.

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I believe, Mr. Speaker, that it might well be within the knowledge of the Minister of Finance that warrants in excess of \$100 million cannot be serviced. Sir, the Minister has expenditure committed for which he cannot find a source of funds in excess of \$100 million but he is bringing these things to the House and, in a rush of words and without any serious evaluation, is telling us that these are Estimates that make sense.

Mr. Speaker, the size of Government's borrowing requirements, running each year now over a billion dollars, have reached a stage where they can no longer be carried by the domestic financial sector unless one or two things begin to happen; first, that there might have to be some significant increase in the interest rates at which the Government is putting its treasuries on the market to stop the under-subscription, which means that the price that the Government will pay for the method in which it is seeking to finance these deficits is a future increase in the debt service of the Government itself, or secondly, that it continues to have a difficulty in raising it on the local private capital market and that it has to go by way of temporary borrowings from the Central Bank of Barbados pumping additional high-powered money into the local economy and beginning to cause us to see that which we do not want to see, a dip in the country's exchange reserves. This House should therefore pause and think carefully of the approval that the Minister is seeking for us to continue to allow him to pump more and more money into the financing of this deficit by borrowing on a market locally that can no longer absorb it.

Sir, any presentation of a Budget to this Parliament in today's world should speak also to the state of the financial conditions of the enterprises in Barbados and their ability to continue to do what they were doing for three years. Sir, I want, as I am sure the Minister must have intended to, to place on record, the gratitude of the Government and people of Barbados to the private sector of Barbados, despite the strains under which it has had to function, for having kept employment in this country stable for three years. They have done it in circumstances where they have had increasingly to draw down their deposits from the banking system by over \$200 million just to keep people employed.

Sir, the House must be greatly concerned to have a Minister of Finance bring to the House a Budget that does not recognise, after three years of a recession, that what starts as a problem in the macroeconomy morphs, confronts and converts itself into a major problem in respect of the financial position of our enterprises and will compromise the ability to maintain operations to find the resources for investments in expansion or even to take advantage of growth opportunities.

Mr. Speaker, it would be useful as we consider these Estimates and the enterprise culture and context within which they are intended to take place, to get a feel for what has been happening in the wider Barbados economy. Sir, these are the facts. I look only at the public companies, the large well-financed companies that are supposed to have professional management. Almond Beach Resort, its net income in 2008 was minus \$776 million. It fell in 2009 to \$2 950 000 and in 2010 it recorded losses of \$20.4 million. Banks Holdings profits in 2007 were \$22.6 million. Those profits fell in 2008 to \$10 million. In 2009, their profits fell again to \$10.1 million and in 2010, their profits fell to \$7.4 million. Sir, Banks Holdings has been converted from an enterprise with profits of \$22 million in 2007 to \$7 million in 2010. Barbados Dairy Industries, profits in 2009 were \$3 204 000 and it fell to \$307 000 in 2010. Sir, I will make this a document of the House.

Asides.

Rt. Hon. O. S. ARTHUR: I know that you do not want it because you do not want to deal with facts.

Mr. Speaker, the profits of the Barbados National Bank have plunged from \$53 million in 2007 to \$36 million in 2010. The profits of Barbados Shipping and Trading have plunged from \$36 million in 2007 to \$6 million in 2010. The profits of Cable and Wireless Barbados have plunged from \$80.9 million in 2007 to \$50 million in 2010. Cave Shepherd and Company Limited had a profit of \$23 million in 2007 and they recorded losses of \$678 000 in 2010. FirstCaribbean Bank profits fell from \$522 million in 2007 to \$314 million in 2010. Insurance

Corporation of Barbados profits have fallen from \$20 million to \$18 million. Sagicor's profits have fallen from \$217 million to \$67 million for the first nine months of the year. The West India Biscuit Company profits fell from \$7 million in 2008 to \$2.53 million in 2010. West India Rum Distillery - Sir, you know there is always going to be a buoyant demand for my friend the Old Brigand - is one of the few companies whose profits have increased. Goddards profits have fallen from \$52 million in 2008 to...

Asides.

Rt. Hon. O. S. ARTHUR: It will never suffer a loss while I am alive.

Asides.

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Rt. Hon. O. S. ARTHUR: Mr. Speaker, I want the gentleman to know that fear not, if John Moore Bar is the only thing on his mind, I will keep it vibrant.

Mr. SPEAKER: Honourable Member, please remember to address the Chair.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I very often meet my friend, the Attorney-General, in John Moore Bar too. I always say that he was called to another Bar, let me be the one who is called to that bar.

Mr. Speaker, let us not make light of a very serious matter, an economy is just a set of enterprises and a set of households, and a fundamental deterioration in the financial position of the best equipped, best financed enterprises in Barbados should be sending a very serious message to the Government on two scores. The first is to review the Estimates about the realism of your projections of the take from corporation taxes, because these Estimates are telling the Government that corporations facing this significant decline in their net income will not be in a position to be able to carry the burden of corporation taxes in the immediate future and perhaps for some time in the foreseeable future they have to carry forward losses. Secondly, that you want to be able to have corporations that have the financial strength to be able to help the country rebound quickly from this recession. Therefore, if these corporations have been drawing down on their deposits to keep things going and have been experiencing declines in their net incomes of the character that I have just read to this Honourable House or the losses that some of them have reported, the capacity of the private enterprises of Barbados to contribute to forging growth in this country has been significantly reduced. Mr. Speaker, it is a consideration that has to be borne in mind when

projections are being made about Government's finances, when projections are being made about growth prospects, but when you have what is a set of Estimates that are empty in relation to any appreciation of the fact that new measures must be brought and brought urgently, to enable the enterprises of Barbados to overcome this significant diminution in the ability to make ends meet.

Mr. Speaker, I have said that these Estimates will never consolidate nor will they create. What is the reality, Sir? The Minister has brought these Estimates and asked us to accept them as realistic. They are Estimates that, even before any additions by way of supplementaries, set the overall fiscal deficit at 8.4 per cent Gross Domestic Product. The Government has already made its revenue adjustments, so it has no capacity to bring to account any expenditures not provided for in these Estimates because the deficit is already above the level that is sustainable and beyond what the Minister can finance.

What do these Estimates do? They are asking the Honourable House, once again, to indulge Government's appetite for false budgeting.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, let me go through it one by one. In the course of last year, Government provided \$75 million initially to the University of the West Indies. During the course of the year, the Government had to bring supplementaries to the extent of \$60 million, so it means that at March 31, 2011, there will be a the University of the West Indies to whom Government commitments, if it is to continue to function to meet the obligations the Government asks of it, \$135 million. Sir, that will be the size of Government's obligations to the university. In this year's Estimates, the Government has not put \$135 million in the Estimates in relation to the University of the West Indies, Government has put in \$77 million, so there has to be one of two things that will apply. Sir, either the Government will have to come with another \$60 million to add to these Estimates or that Government will have, during the course of the year, to make changes in people's access to the University of the West Indies, to accommodate a shortfall of \$60 million in provision for the institution.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, it is one thing to be able to have to bring large supplementaries provisions when your projected deficit for the year is 1.5 per cent. There is another thing to start with a projected deficit of 8 per cent and know that you have left out the possible requirement to have to find another \$60 million. Every \$80 million in increase expenditure adds a 1 per cent to the deficit. Last year, Mr. Speaker, we had the same kind

of budgeting, the Government provided \$10 million to the Transport Board, knowing that the requirements of the Transport Board were far greater than \$10 million and they had to come and supplement the Estimates by another \$49 million during the course of the financial year.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I sat quietly continually listening to the Minister.

Mr. SPEAKER: That is not the entire truth but I will monitor it and if it gets too hard, I will say something about it but Honourable Member that is not the entire truth.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, this Government has been bringing to this Honourable House, in the context of a large deficit, on top of an 8 per cent deficit, so there is scope, there really is no scope to add to the expenditure if the Government is going to give us a surplus by 2014. Sir, the University of the West Indies wants \$135 million yet the Minister of Finance is bring a request for \$70 million and say that these Estimates are sound. You know that the Transport Board has a request for \$60 million and you are bringing a request for \$10 million, so that as some stage the amount of these Estimates will have to be significantly expanded in order for us to be satisfied that they are sensible.

Mr. Speaker, I want to talk about the growth of the Barbados economy and what these Estimates mean and may not mean. I have a fundamental difficulty accepting statements from the Minister of Finance about growth. You would recall, a few weeks ago, in response to a Press conference that was being held by the Barbados Labour Party to discuss matters pertaining to the economy, the Minister sought and succeeded in getting a headline or that after the first month of the year the Central Bank of Barbados was in the process of revising the growth for the year, from 2 per cent to 3 per cent, and that this can speak for itself and that it was often done often in the past and that it can yield the projected growth of the economy.

4.12 p.m.

We hear the Minister assuring the public that based upon one month's out-turn that there was going to be a growth in the Barbados' economy of about 3 per cent. Mr. Speaker, the Central Bank of Barbados had the opportunity not to speak through the voice of the Minister but to speak in its own name and in its own voice at that Special Committee to deal with the policy of the economy, and it did not tell the Government that it was in the process of changing the growth for the year. It told the Government that it was retaining its original position that the economy was only going to grow between 2 per cent and 2.5 per cent for the year. Sir, when a Minister feels the need to treat

fundamental issues about growth or no growth as a public relation exercise, as that Minister did, I feel, Sir, that he stands to be condemned and seriously condemned. Sir, the Central Bank of Barbados has not changed its growth for the year.

MR. C. P. SINCKLER: Mr. Speaker, on a point of order. I really did not want to interrupt the Honourable Member while he was in his flight but he is misleading the House. (2:15) Sir, at no time have I ever said anywhere that the Central Bank of Barbados was revising its growth projections to 3 per cent from the 2 per cent which they said at the beginning of the year. The facts are, Mr. Speaker, Sir, that the Governor of the Central Bank of Barbados in delivering his Report for 2010 and his projections for 2011 indicated then that they were projecting that the economy was going to grow by 2 per cent. They then subsequently in their monthly consultation with me, as Minister of Finance, presented a document, which he has in his hands and I hope he makes it a document of the House, indicating that they were revising the figure to between 2 per cent to 2.5 per cent which is what I said to the nation.

Mr. SPEAKER: I want you to state the Point of Order more specifically.

MR. C. P. SINCKLER: Yes, Sir. Mr. Speaker, to say that I said 3 per cent and that the Central Bank of Barbados is saying is 2 per cent to 2.5 per cent and that I was misleading the House and should be condemned, is a statement that is untrue and the Honourable Member knows that.

Mr. SPEAKER: Unfortunately, that is not something on which I can rule. I cannot say one way or another who is right, so there is no Point of Order. Honourable Member, please continue.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, Sir, I am glad that this debate is being heard outside these Chambers because the Minister enjoyed that moment of glory when a headline said there was a spurt of 3 per cent but then, perhaps, the Nation-News might have misunderstood him and if that is what he wants to say, perhaps, let him say so because it has not been corrected. Sir, that is the reality that it came out that the Central Bank of Barbados started the year by saying between 2 per cent and 2.5 per cent and the Minister caught the headline by saying that it is moving from 2.5 per cent to 3 per cent.

Mr. Speaker, the Barbados' economy is facing fundamental problems which should cause us in this House to pause and give thought to the growth that the Minister is speaking of and the growth that we require. If the Minister wants to say that the Central Bank of Barbados, as it has said, is changing its growth for last year from 0.4 negative

to 0.3, I am not going to quarrel with that, Mr. Speaker. There are both within the margin of error but more to the point, Sir Courtney Blackman has said that 0.3 per cent on either side would be of such negligible significance that it cannot be seen with the naked eye.

The question, Sir, is this. What really is the required rate of growth of this economy to take us out of the hole in which it finds itself where over the course of the last three years, it has fallen by an amount that exceeds 10 per cent. What does 0.3 per cent growth in 2010 signify in the context of the problems with which this economy has to grapple? Will it help the Government from incurring a deficit of \$800 million? The answer is no. Can an economy with a population growing by almost one per cent improve its quality of life by a 0.3 per cent growth? The answer is no. Can an economy growing by 0.3 per cent generate the kind of resources that could enable enterprises to be expanded and new ones created to deal with the problem of unemployment that is rising, Mr. Speaker? The answer is no. Can an economy growing by 0.3 per cent generate the surpluses to enable us to substantially improve the standard of life of the people of this country? The answer, Sir, is no. So to come to talk about a growth rate that lies within the margin of error is to misunderstand that these numbers have to be set within the context of some economic situation that is meaningful.

Mr. Speaker, this economy has declined by over 10 per cent since 2007. There was a time in the past even without a 10 per cent decline in the economy, we were not satisfied with other than a growth rate of 3 per cent and, in fact, Mr. Speaker, the growth plan that we set for the Barbados' economy without having to overcome the deterioration of the recession was a 3 per cent growth rate.

Mr. Speaker, not only that, this Government inherited an economy growing at over 4 per cent and we are now being asked to marvel at economy that was growing at 4 per cent but now it is managing a 0.3 per cent increase in our goods and services. Sir, that is bad enough but I would like if the Minister and the House was to begin to think carefully about the implications as what I regard as the most significant statistic so far for the year that, in that part of the year, January, when the country should be increasing reserves that the reserves are falling. It is that time of year, January, when the Central Bank of Barbados should be increasing their reserves by being able to buy foreign exchange from the banks to meet any obligation at the Central Bank of Barbados has.

Sequence 30

Sir, the fundamental question that must confront the Government is this. If you cannot in this economy that has seasonal trends in the generation of foreign exchange increase your reserves in January, then what is going to

happen for the rest of the year? What are the underlying trends?

Sir, the Minister sought to convince us that a \$30 million repayment in a debt caused a \$60 million decline in the reserves. Now that is creative voodoo accounting. I want to be able to understand how a \$30 million payment can cause a \$60 million decline in an account. He knows. Sir, it points to serious fundamental structured problems in the Barbados economy that the Government will do well to address.

Sir, the problem is this. Despite what the Government may want to say about tourism, a large proportion of the new arrivals are in transit passengers and the impact on the reserves earnings are not there.

Secondly, Barbados' second largest sector, our international business sector has been reported by the Central Bank consistently as recording declines, significant declines too. I say to the House that the fortunes of that sector are not being enhanced by the very delinquent way in which the Government has been approaching the threats to its operations. We too knew what it was in the late 1990s to have to fend off threats to our international business sector by the OECD. Mr. Speaker, our response was comprehensive and no stone was left unturned to ensuring that Barbados not only dealt with the OECD, but dealt with the OECD in a way that broadened our developmental opportunities.

Sir, it really must come as a shock to her ministerial colleagues, for the Minister of Foreign Affairs and Foreign Trade to be saying that it must be left to the private sector to fend off a threat by sovereign Governments. It must be left to private enterprise to fend off a threat by sovereign Governments to their operations. Mr. Speaker, that is almost irresponsible and it calls into question the way in which the growth prospects for our international business sector has been militated against by the indifference of this Government to the sector's real challenges.

Sir, part of the problem with the international business sector is that this Government has sought to reinvent Government in a way it existed in 1994. In 1994 the International Business Sector was a Unit in the Ministry of Finance. Since then, it has been given its own ministry. This Government resumed office in 2008 and it brought a bifocal approach to the management of our international business sector, in our view, in a way, that the tracks from the sector were unable to take a coordinated, coherent approach to its development and to its fullest growth.

Sir, Invest Barbados, the institution that is responsible for the development of the international business sector reports to the Minister of State in the Ministry of Finance, and now to the Minister of State in the

Prime Minister's Office, while the sector functions within the Ministry of International Business. So the main institution responsible for international business development is not located in the Ministry of International Business, and it must not come as a surprise that the Government will allocate money to the Invest Barbados but the money cannot be spent because the sector has been placed in a ministry where the Minister of State is a bottleneck.

Sir, a lot of foolish things have happened. In 1994, the sugar industry was located in the Ministry of Finance because there was an issue about the loan workout account arrangement that had to be put in place. They come back to Government and they put the sugar industry, not under the Ministry of Agriculture but under the Ministry of Finance because of that arrangement, and then nothing happens.

Mr. Speaker, in 1994 energy was under the Ministry of Finance. They have come back to Government and they put it back under the Ministry of Finance, and then nothing happens. That Minister of State is a bottleneck, and having it responsible for Invest Barbados, the sugar industry and for the energy sector has meant that no serious development has taken place in international business. The plan for the adaptation of the sugar industry that has been financed in large measure by access to European Union funds has not been activated, and the energy industry that should have brought in \$75 million in bids in 2008, not a penny has been raised. That is a fact.

Mr. Speaker, we want to support the Government and we will support the Government in its efforts to systematically stave off the challenge of the OECD, but we also want to see the Government responding to the challenges facing the sector in a manner that suggests that the Government understands the seriousness of what is involved. We see no evidence of it.

I also want to make the point that needs to be made, that too many things are going unaddressed by this administration. When I spoke to this House in the Budget debate, I cited the need for the Government to take actions to make sure that the arrangements in respect of the implementation of the EPA were debated in a manner that allowed us to be certain about this incidence, managed revenue implications, and to convert any opportunity from the EPA for Barbados. The Minister went into his mode. He told me, and I know he wants to apologise at some stage, that the Treaty of Treaty of Maastricht establishing the WTO was signed in 1994, and that I should have known of that Treaty.

Asides.

Rt. Hon. O.S. ARTHUR: He said, "I have a Master in International Trade Law." He said that

Mr. SPEAKER: Honourable Member, please address your comments to the Chair. I will not entertain this cross shouting between yourself and anybody else. When the Honourable Minister was speaking, we had some interruptions from you and other Members on that side. I understand that there will be asides from time to time but I will not entertain the cross talk between yourself and any Honourable Member while you are on your feet. Please be guided accordingly.

Sequence 31

Mr. Speaker, I have to be governed by you and I can tell you, Sir, that I will continue to conduct myself in this House in a manner befitting the standards of the House but I heard the Minister and I do not recall that I was interrupting his speech but if you say so, I must believe you.

Sir, this is a serious matter. The EPA viewed the region three years as a grace period, before we started implementation. The point that was being made to the Minister in November was that across the Caribbean no serious attempt was being made to take advantage of the development cooperation provisions in the EPA because in that three-year period, Europe gave the region access to generous development cooperation finance to restructure it traditionally but to enhance the growth of its new industries to be able to accommodate competition in the domestic market from Europe. Nothing was being done.

More to the point, Mr. Speaker, the implementation of the EPA means that beginning in January 2011, the region will have to begin to phase out import duties on certain goods coming from Europe. Now that is, as you know, a double-edged sword. It could make good cheaper for domestic consumers but at the same time it will mean that for the first time some Barbadian and Caribbean producers will have to face duty-free competition from European goods in the domestic market.

I remember pointing out to the Minister then that clearly if the provisions, especially the tariff provisions of the EPA had to be brought into account from January 2011, somebody has to be paying attention to it. Sir, because there could be a revenue implication from implementing the EPA, there can be a competition implication but more to the point, Sir, we should be seeking to balance any loss of revenue from Europe not just by replacing import duties with excises of an equivalent nature but by seeking, Sir, to access what I regard as the generous grant window from Europe that accompanies the implementation of the EPA.

I was not satisfied then, and I am not satisfied now that this matter has been receiving the attention that it should receive. I make the point again, in the context of the Government's Medium-term Fiscal Strategy and the

Estimates of Expenditure themselves. In the Government's Medium-term Fiscal Strategy at page 16, it is indicated that the Government will increase excise taxes to capture the loss in import duties due to the EPA. May I repeat, Sir, that the Government in this strategy indicates that it will increase excise duties to capture the loss in import duties that accrue from the implementation of the EPA?

Sir, these Estimates have not been prepared on any presumption that import duties will be reduced by the implementation of the EPA and clearly, they could not have been because they would have been prepared in advance, Sir, of the EPA duties being put into effect. The Estimates this year presumes that import duties will in fact rise and rise significantly. I believe therefore that the Minister has a duty to tell us what is the state of play on this matter and what is the likely situation that could confront the country over the immediate planning horizon.

The import duties in the Estimates, Sir, are slated to rise from \$191 million to \$216 million. That is a rise of \$25 million, not the VAT, import duties but the implementation of the EPA could cause this amount to fall and the Government has committed itself to changing the Excise to make up for any reduction in the revenue that come from the removal of the import duties and to the EPA. In November, I was trying to get the Minister to begin to factor this thinking into his mind, that in January, you have to start implementing and the Estimates have come to the House as if you do not have this year to start to implement the EPA.

Sir, now, you clearly cannot run the Government in this manner. If there are obligations that you know you have to meet that are bankable, then you have to make provisions for them and I have to ask therefore the Government this question. In the light of the recent increases in the excises, the VAT, the taxes and allowances, is it still the Government's intention to pursue a revenue neutral approach to dealing with the EPA? Will the Government increase excise taxes, *pari passu*, in any reduction in the import duty take from goods coming from Europe? Has the Government, if that is its determination, sought to follow the alternative approach that rather than compensate for any reduction in Import Duties by the implement of EPA, seek to make the maximum use of the Grant Development Corporation that is built into the EPA itself?

Sir, I have to be critical not about the Government but at CARICOM. CARICOM has fallen asleep on this matter. The Dominican Republic has pressed on and they are seeking to convert the EPA in the time of opportunity. What is the opportunity? Sir, that we in the Caribbean agree to the EPA and I am glad that this Government can run to it, not because it could give us any advantage in

respect of trading goods, we already had that, but the EPA opened up two things for us.

One, Europe was prepared to give the Caribbean that want to specialise in services, market access for its traditional services, our professionals but also our self-employed service providers, market access conditions that Europe was not prepared to give to any other group of countries either under the auspices of the WTO or in any bilateral agreement that Europe was prepared to enter into but we had to do certain things, Sir.

A lawyer is not a lawyer everywhere so there had to be mutual recognition agreements agreed to, to enable the market access on paper to become market access in reality. Europe does not do these things directly regionally but nation by nation but more to the point, Sir, we do not have visa abolition agreements in the trade agreement because as you would appreciate, visa abolition agreements are not only trade issues but they are also security issues. Therefore, to have a new market for your service providers, you had to follow the EPA by negotiating mutual recognition agreements for your professionals and other service providers and visa abolition agreements.

Equally, Sir, as they say, we felt that it was a good thing to do, to sign the EPA because it intended to provide the Caribbean with substantial development corporation funding on a grant basis, to enable us to transform enterprises, to be able to compete in a more competitive advantage that a liberalised trade agreement will create.

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I say, Sir, that the Caribbean should seek to get a dividend from being the only regional block in the world that was prepared to enter into a World Trade Organisation compatible agreement with Europe, they should pay. They should pay by our taking every chapter, because every chapter for every sector sets out the scope for development cooperation that we should have. There is a financial envelope available to us to finance our transformations in the context of the implementation of the European Partnership Agreement (EPA).

Sir, may I say that something is wrong that in this grace period and now we are not telling the Europeans yes we are now prepared beginning this year to allow your goods for the first time in the history of our relationship to come to the Caribbean free of duty, because that is what it means, without having access to that grant financing within the context not just of the old development financing but within the context of the EPA itself that can enable us to build competitive industries.

Sir, I read what is provided for in the Development Cooperation Chapter for tourism or for agriculture. Sir, let

us take agriculture. I feel that we should transform the Scotland District. One-seventh of our area reform would help us to address issues of food security and will help us to build a more coherent country because it would take a lot of pressure off Town Planning. If you could be sure that you could reconstitute the Scotland District for agriculture properly, then more of the rest of the land could go into mix use.

We have a Development Chapter with Europe that we have not tapped for that kind of initiative. We should tell Europe, yes, we have lost part of the price for sugar because of the EPA but do not tell us that we have now to come increase excise taxes because your goods have to come to us without duties, let us have easier access to development cooperation for the transformation of our enterprises than we have had historically. Sir, the EPA makes provision for it. When I read these Estimates, Mr. Speaker, you are getting money from Europe for the old things but not for that.

Mr. Speaker, I believe that the Minister should tell us in a forthcoming way a clear statement about the sugar industry immediate future. Sir, in 1992, to its credit, a former Democratic Labour Party Administration had to do something that involved heavy lifting in this country. We found a sugar industry with debts owing the Barbados National Bank of \$240 million. The bank would have gone under and the industry would have gone under unless some loan work-out arrangement was put in place to deal with the issues of the bank and the industry. In 2010, a Government has had to come back to the House to guarantee a bond issue for the sugar industry of \$161 million. We have done so in a situation where the industry's cost per tonne of sugar might be \$3 000 per tonne but because of the adjustments in our relationship with Europe, we are getting only \$917 per tonne of sugar. I believe that the Minister of Agriculture would confirm that every tonne of sugarcane produced in this country cost about \$96 a tonne but we are getting less than \$50 a tonne in revenue for it.

I am not blaming anybody, Sir, but it must be something of concern to all of us that we have gone through the loan-work out situation in 1961 and in 2010, the Government has had to find a way of guaranteeing the industry's ability to borrow \$161 million. I say to the House, Sir, and again this is not a criticism, that we may just as well put that straight to the debt because if the industry is getting \$917 per tonne for sugar and it cost \$3 000 to produce and you are paying growers \$56 a tonne and it is costing them \$90, the notion that this is a contingent liability is a fiction. This is going to be a bond issue that the industry will not be able to pay and you may as well brace for the fact that you start this financial year knowing that the industry cannot pay its way and that we have added another \$161 million that will go to the

Government's debt. Sir, there was an Adaptation Programme that was being pursued that has been virtually killed. Sir, that Adaptation Programme is simple. We were in the Government and we said that the best price for Barbadian sugar is on the local market and we started to produce for the local market rather than selling to Europe. Sir, the time had also come for us to sell the sugar not as a bulk commodity but as a branded product and there was a great change in the receipts from the sugar industry selling it not as bulk but as a branded product, Plantation Reserves.

We felt too that money had to be spent to save the sugar industry by diversifying its products. A sugar factory is just a power plant that runs for three months a year. Sir, if you could have the sugar industry run for 12 months a year using bagasse and selling the excess energy to the Barbados Light and Power Company Limited, you can expand the earning capacity of the sugar industry.

The plan for the transformation of the sugar industry involved our producing ethanol in Barbados as a blended product. All of these plans were to be financed in this three-year period. I do not mean the Minister of State any personal animosity when I say that he behaves like a bottleneck that has just drop. The plans for the transformation of the sugar industry are now such that we are caught with this \$161 million bond issue but the industry is now less viable than it was three years ago.

Asides.

Rt. Hon. O. S. ARTHUR: That is the kind of comment that you get from him, but I have explained the Adaptation Plan that was in place.

Mr. Speaker, even the question of yields was being dealt with. The Barbados sugar industry now has some of the lowest yields in the world. Research was being done to improve the yields because if you have yields of 20 tonnes per acre, the industry will fail.

Mr. Speaker, I again ask the Government for a statement of where we are in the first quarter of 2010 in introducing, in all of its aspects, the dimensions of the new relationship with Europe because on present course, all we will do is to pick up the economic cost of the EPA without realising any of the benefits that are intended to accrue from the modern nature of this new Economic Partnership Agreement.

I have to ask that question, Mr. Speaker, because there is no point in us just letting Europe's commodities come to the Caribbean duty-free but we are not making the effort to maximise our sale of services to Europe as a consequence. Sir, I do not see it. Even the Joint Committee for the Implementation of the EPA that was to have been put in place at the regional level has not been put in place.

Sir, we quarrel about how we are overtaken by international adversity. Yes, in many instances, that is true but when the world offers us an opportunity, we have to take advantage of it. Sir, I am not satisfied in this particular matter that it has been given thought. We are not to let the rest of CARICOM drag us down. Barbados must seek to advance its interest in the most systematic way.

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Mr. Speaker, I never had the chance to speak to the late Honourable Prime Minister about the CSME and I just want to say again what I need to say. Mr. Speaker, Barbados' best industrial policy is the expansion of the CSME, 52 per cent of our exports go to the Caribbean and for the simple reason. Mr. Speaker, Barbados no longer has multinational investments in manufacturing. Colgate Palmolive might have been one of the last but the day the region put in place a free trade arrangement with the Dominican Republic, Colgate Palmolive rationalised its regional operations, shifted productions from Barbados to the Dominican Republic and used Barbados as an importing silo.

Mr. Speaker, the company that used to operate in St. Lucy, Atlantic Manufacturing, when we did not have party with NAFTA, went to Mexico and I think eventually ended up in China. Sir, I hear the Minister speaking in terms of his industrial policy being borrowing a \$50 million loan for building capacity but the reality is simply this, the context within which our industrial development takes place today has been radically transformed that a liberalised trader has entered the world with skill and cost that most developing countries cannot match. Whereas in the past Barbados and other Caribbean countries was a place where transnationals came to do assembly and whatever else, they go to China. Sir, what are we left with? Our largest market for industrial output is our own protected market, the regional market. Our industrial output takes the form of surpluses of domestic production produced by small and medium-sized Barbados enterprises specifically for CARICOM. The CARICOM market is more important for our manufacturers and agricultural producers than the entire market of the rest of the world.

Mr. Speaker, I worked hard to try to make sure that the CSME worked, not because of any regional sentimentality - not that I do not believe in it, I do -but because without and expanding CSME, we will have a difficulty in expanding industrial exports. It is in that sense that I suggest to you that our most important industrial development strategy is not just to build capacity, as the Honourable Member is proposing, although that will help, but to make sure that as you do it that you have an expanded regional economy, because it is the only protected economy to which we can now sell.

Mr. Speaker, the point I am coming to is this, I have watched from the sidelines as I think the CSME has come to a pause, a road map for its transformation from a single market to a single economy was there. Since the the Honourable Prime Minister understands the dynamics of the relationship between economics and society and development and I believe that he is correct. The removal of the market restrictions that are part of the CSME single market will confer only as much benefit as the market arrangement can, but a market is not an economy, and you cannot look to a regional economy only as a liberalised regional market. The benefits to Barbados from regional integration will not only come from just liberalising the market but by liberalising the whole regional economy in line with what was set about as a plan of action. Barbadian enterprises have started the process of expanding the frontiers of the Barbados economy by investing in the rest of the region, our development has been freed from its limitations of small size. The Pine Hill Dairy was getting most of its concentrates for its production from a Barbadian company. I believe that just as Barbados has benefited more from a single economy and single economy... Sir, Jamaica sells only between 2 and 5 per cent of its exports to the Caribbean - no single economy, a single market does not matter to Jamaica. Trinidad and Tobago exports between 10 and 12 per cent - a single market, no problem for Trinidad and Tobago. Guyana also has no problem.

Mr. Speaker, feel that we have to look at this in a holistic way and that we are benefiting in relative sense more than the rest, and that we also have to recognise that sometimes if we do not benefit in the swings sometimes we have to make up for something else on the roundabouts. I have tried not to carry an adversarial position with respect to the Government of Barbados position on some of the issue that I hear. Sir, I just want to say this, that we cannot ask the rest of the region to be our major market for agricultural and manufacturing goods but then we say to them we want to have access and protection to their markets but that we want to take an adversarial relationship with you on the other things that matter where the CSME is concerned.

Mr. Speaker, I would like to see Barbados exercise the leadership that is required of it, for Barbados' sake, in making sure that they have not just a single economy regionally but an expanding single economy because that is our best industrial policy.

Mr. Speaker, you must allow me to talk a little bit about issues with respect to energy and pricing. This will be the last sectoral issue that I want to cover. Mr. Speaker, in setting an economic policy for Barbados, interest rates as low as possible, a fiscal deficit that averages about 2 to 5 per cent Gross Domestic Product, to put it at the exchange rate, energy prices as low as possible, and why?

Mr. Speaker, in a small economy, energy prices affect cost productions across all the sectors in an exaggerated way but bear very heavily on the retail price index. The change of the price of a tin of corned beef does not affect the general level of prices in the country but the change in an input like energy has a significant impact. Sir, the Retail Price Index itself reveals that on average people spent 6 per cent of their income on fuel and light and a further 6 per cent on transportation. Therefore, any sharp increases in the price of fuel will directly affect the inflation rate through these two subsectors.

Mr. Speaker, this was traumatically shown when the Democratic Labour Party changed energy prices in this country in 2008, when in 2008 in one month when the price of gasoline was increased by the Democratic Labour Party, the fuel and light category jumped from 192.2 to 130.7, a 10 per cent increase in one month alone. The transportation index for that same month moved from 114.3 to 125. Sir, given the pervasive impact of energy cost you have to find a way to the extent that you can stabilize energy prices and making sure that part of which is within your power to stabilize that you succeed in stabilizing.

I do not expect that the Government of Barbados will be able to control international crude prices because that is what you will have to pass on but what you do not have to pass on is an increase in the dollar value from the tax take from energy products every time that the price of crude increases. Sir, that is what is happening now, that the price of crude alone is not causing energy prices to increase, energy prices are charged on the CAF value plus import duties, plus margins, plus excise and then the VAT and as an ad valorem every time the crude goes up the dollar value of the VAT also goes up.

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Mr. Speaker, in 2006, I indicated by way of Budget that we cannot stop prices from rising when crude rises but we can stabilise the tax take to make sure that we do not pass on more than you have to. The policy that was introduced then and followed was that when the price of crude went up, we drop the Excise Tax, *pari passu*, with the increase in the crude so that you take the same amount of tax, and that is way in which you have to help to stabilise crisis. I am not saying to Barbados that you can make them fall but stop them from rising faster than necessary. You stabilise the prices by stabilising the tax take but Mr. Speaker, Sir, the Government is not doing that and, as a result, you are passing on, every time the crude increases, an increase in the crude and an increase in tax. I feel that as a gesture to the households that are struggling, the Government should seek to make sure that it stabilises the tax take rather than allowing it to increase.

Mr. Speaker, there is a lot more that the Government can also do that it is not doing. Sir, in 2007, we had relief under CARICOM. If your economy is suffering because of the imposition of the Common External Tariff (CET) especially on goods that you have high CET on but you do not produce, you can apply to the Caribbean Community (CARICOM) Council for Trade and Economic Development (COTED) for relief and ask them to stop you from having to impose the import duties if you are suffering from a surge in prices and, Sir, we did that.

Mr. Speaker, I really fault the Government, and if I speak harshly as he said I did in the school yard, there comes a time when incantation without fortitude and the indignation without fortitude is just another way of killing time. If the Government had done all these things and then you still had a surge in prices, you might understand that, but you do nothing that is within your power to do. Sir, I am saying that yes, the country will face, and the people will have to be told that there is that much and more you can do if the price of basic commodities from abroad are rising but it is not enough to say that you are powerless to act.

Mr. Speaker, I think the time has come where the two major initiatives that would make all the different should be indulged. Sir, try to stabilise the tax take to stop prices from cascading beyond what you had to pass on through the crude and go to CARICOM and try to stabilise prices by agreeing that for the time that commodity prices are rising the way that they are, Mr. Speaker, that the CET should be subject to suspension.

Mr. Speaker, the Government has the authority as well under the Miscellaneous Control Act to set such conditions in respect to baskets of goods as it may feel are necessary. Sir, perhaps, what I am trying to say to the Government is that the households are struggling and that people are juggling bills. Yes, they have had to pay increase taxes because of our fiscal situation. They have had to meet increase water charges, light charges and a whole range of other things and any bit of relief that the public can get at this time from increase prices would be worth the while. Sir, if a Minister was to come to the House to tell us that he might have to run a slightly larger deficit that he ordinarily would in order to give the households of Barbados a little ease in this period when prices are spiking, who among us would be man enough to get up and say that the Minister is acting irresponsibly?

Mr. Speaker, I want to deal with the issue of the university because the House knows how passionately I feel about it. Sir, I want to say something for the record because sometimes things that are entered in the records of the House and you allow them to stand and you get stigmatised as a result.

Mr. Speaker, Sir, the University of the West Indies has an arrangement that it allows former Prime Ministers to have access to facilities and Mr. Edward Seaga in Jamaica has. Sir, they go beyond that, as a former Prime Minister, who is not in Parliament he also gets a chair. Sir, in my case, the University of the West Indies no longer gives me a chair but gives me space. Sir, I am giving the University of the West Indies an asset.

Asides.

Rt. Hon. O.S. ARTHUR: I am not giving them, Sir, nakednews.com. I am not telling the university that it should not build a church on the property because he wants to put a plant for nakednews.com there. Mr. Speaker, Sir, all of my prime ministerial papers are available in a hard copy form and in an electronic form and I am putting all those papers, everything that was sent to me, all of my reports, all of my Cabinet papers are bound and I am giving the University of the West Indies all of my prime ministerial papers...

Asides.

Rt. Hon. O.S. ARTHUR: I trust that the new Prime Minister would respect the fact that he had an opportunity to rule the country. Sir, if you ask to see Mr. Barrow's papers, you cannot find them. If you ask to see Grantley Adams' papers you cannot find them. If you ask to see Tom Adams' papers you cannot find them. I do not know what Mr. Sandiford has done with his but I have put all of mine together, my speeches, my Cabinet papers in a hard copy and in an electronic form and all the university has done, is give me space to keep them. I did not draw a penny, and I was not an employee of the University of the West Indies.

Mr. Speaker, I also want to say this. The University of the West Indies arrangement with me was that two members of staff were going to be assigned. It ended up not being able that from the university's resources supplied by the Government. Sir, for one year it got a grant from private endowment to help me to establish what I had established at the university but by the time I became the Leader of the Opposition again, I had to effectively pay for what I was doing in terms of creating an asset for the university out of the little funds that I was earning from consultancies.

Mr. Speaker, I have not benefitted a penny and, at the end of the day, I trust that at some time, I will be able to complete the exercise of having a complete set of prime ministerial records, for good or bad, warts and all, in a place where they can be accessed by the public. Sir, students at the university used to come and ask me to supervise their research, have access to my papers and I say, "Go right ahead," and that was my relationship. Sir, for the Minister to enter into this debate that scurrilous

remark is sad because I know what I had to do, not to benefit from what is up there. Sir, my papers on campus now are being held in the archives. I do not have an office nor do I have any people now employed at the university.

Mr. Speaker, I want to say this, Sir. It is going to be strain for the Government to have to maintain its expenditure on university education. I am conscious of that because \$135 million is a large amount and that is why I say that I would have been glad if we could have sat together, Government and Opposition and try to find ways to do things that are of strategic importance to Barbados.

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Mr. Speaker, Barbados does not have a primary education deficit. It does not have a secondary education deficit, but it has a tertiary education deficit, and at a time when we might be looking not to invest in university education, Trinidad and Tobago are maintaining their investment at University of the West Indies but they are also building out their own university to make their human resource requirements that University of the West Indies cannot meet.

Sir, Jamaica has a similar approach. In fact, Jamaica is keen on becoming a major international financial industry and it has, I think, and properly so, set up a Faculty of Law at Jamaica to train the amount of lawyers that Jamaica needs to train in order to go in that direction. Barbados would put ourselves at a competitive disadvantage if we believe that a university education is an area in which we can realise savings. This country has done a lot willy nilly. We do not build our development on minerals but we have built our development on the skills of our people, and that task is unfinished.

Sir, I think we have ways of making sure that the university is not under this, what I call permanent sense of contingency, in not knowing if or not it is going to have its requirements fully funded. Sir, this has been done from time to time. There have been times when the surpluses of the National Insurance rate were accruing faster than was necessary and we adjusted them to put some of those resources elsewhere. I do not know what is the real situation at the National Insurance, but I can say this, if in fact the surpluses are accruing faster than planned, there will be nothing wrong with us shaving off the contribution rate for National Insurance and putting it in the form of a higher education levy, because people end up paying the same amount, and it will not put the National Insurance if it is accruing surpluses at a faster rate, and you do it temporarily until you get past this economic crisis.

Sir, I really am just putting that forward, contingent upon the National Insurance because sometimes we have juggled the unemployment part to increase and so on. So if

we have a surplus in one part of the system and a deficit in the next, you can do some rebalancing to may be address the problem. Sir, at the end of the day people will pay the same but you will solve a problem without creating a problem some place else. Sir, I really will want to urge the Government that no matter what it takes, find a creative solution to dealing with the issues of higher education in this country.

Sir, I could not leave this debate, although honestly I did not intend to, but since the Minister raised it, to talk a little about Clico. I believe that the Government has made a strategic mistake in not following the advice that was offered by the Opposition when this matter first broke, that the correct approach was to have allowed this matter to go by way of what the law provides for, and ha have put in place arrangements for judicial management as soon as practicable. Almost three years after this issue has broken, there is still absolutely no clarity as to precisely what will be the outcome of the differing approaches that the Government has from time to time sought to put in place.

Sir, the Honourable Member for St. James South said aloud, and I cannot help but hear, talked about getting personal. I do not believe that in a situation where the Government's immediate financial situation may be adversely affected by having to bring to account the obligations that it has given, that it is going to protect investors in Clico, because the Government has said so. I do not believe that it can be appropriate that persons who invested Clico do not know whether they are coming or going. The Government itself may have to reconfigure its financial situation to bring Clico's affairs to account, but people who contributed directly to the situation that Clico finds itself in, can now be seeking to find an extra ordinary way of extricating their financial situation from the situation in which they have foisted ordinary Barbadians. That is why this issue is sparking the kind of concerns in the public domain that the Minister feels that it should find reprehensible. Mr. Speaker, that is why sections of the media are speaking of this matter in this way, because it might well be that there are persons who are working in media houses, whose pensions have been invested in these annuities and who do not know if they are going to get back their pensions, because the Oversight Committee has said that individuals yes, but institutions no, as if institutions do not invest on behalf of individuals. Sir, that is the difficulty.

Mr. Speaker, this is not just an emotive issue. It is a fundamentally troubling issue in respect of financial projection and it is a troubling issue in respect of equity. I am not going to be speaking about any personality, but I want to say this, that any extra ordinary arrangements, and I call it extra ordinary arrangement, that people want to pursue for their own personal benefit without regard to the extent to which they leave ordinary Barbadians in the lurch

cannot be countenance and the strongest action has to be taken to prevent them from becoming a reality.

Sir, perhaps what needs to be done too, since the Honourable Member for St. James South is raising it, is for us to drop the pretense that if politicians are allowed to be aware and perhaps sometimes to move to defend the public interest in respect of financing institutions, perhaps we will have a better economy.

Sir, there is this view that Ministers of Finance should not reach in and be involved in the oversight of institutions and whatever else, and our laws have been written in such a way as to shield, especially in the insurance industry, financial institutions from any ministerial intervention whatsoever. So it falls to the Supervisor of Insurance. In a way then the system becomes as good as the Supervisor of Insurance ...

Asides.

Rt. Hon. O.S. ARTHUR: Well, perhaps you can blame me for that.

Sir, I am saying that in my whole tenure as Minister of Finance, one and only one matter has ever come to me, and the Minister has the files and he can testify to this, about Clico. I know from the Supervisor of Insurance, who indicated that there were certain concerns about Clico that he was prepared to take action about and he was referring the matter not for my direction, but for my information. That is a fact. It was duly noted. That is true.

Sir, the notion that I was made aware and did not act...

Asides.

Rt. Hon. O.S. ARTHUR: It may have been a good thing for Barbados.

Sir, the other side wants a job in town because perhaps it might have been a good thing for Barbados if the situation at CLICO would not today be in any doubt as to whether or not their situation in respect of receipts from CLICO will reap, totally so, Sir.

Asides.

Rt. Hon. O.A. ARTHUR: Sir, they want a job in town and it be drawn and I want to say, Sir, that the notion that somebody could, three years in advance be assured of a bonus, is unusual and everybody who is a witness to it, Sir, now have to accept responsibility for what happened in CLICO and that you know a man three years in advance to claim a bonus. A bonus is paid in a particular year based upon performance in that year so that, Sir, if you are going

to share the blame, let me just say this, Sir, that, perhaps, a former Prime Minister was partied to the decisions that have put CLICO in this position but it was not me.

Asides.

Rt. Hon. O.A. ARTHUR: Sir, it is a disgrace, totally unacceptable in a just society for persons now to seek to benefit from their own delinquency. It is wrong and I share the view of those who feel that this matter must be pressed and be pressed in such a way to the hilt that people should not just feel that they can walk away with a golden parachute while the rest of the society suffers.

Sir, when the former Leader of the Opposition had to take a position in this matter, it was our view then, and I think the correct view now that we had no confidence in the way in which the matter was being proceeded with, the Government. It has been justified because, Sir, can somebody say really, where the matter is. Is a judicial manager in place and furthermore, Mr. Speaker, to the extent that the Government has given assurances, are those assurances to bind the judicial manager, in respect of the financial settlement that eventually may have to be paid for by the Government?

In that respect, Sir, let me just say this. I feel that as part of the proper financial planning of this country, the Government should abandon its plan for the acquisition of Sam Lords. I feel strongly that you already have more on your plates than you can deal with. There are private entities that have been developing St. Philip and have shown that they can successfully do it, to have an interest in purchasing Sam Lords and building out Sam Lords. The notion that we have to have middle income housing at Sam Lords because the Barbados Labour Party does not want poor people to live close to the sea, as I heard from the Minister of Housing, is propaganda but it should not be a substitute for fiscal prudence in the process.

If the Government is to make a contribution to CLICO's solution by having to pay for Sam Lords then that payment would have to be of a significant level that would put the fiscal deficit in full distress and why do it, if you do not have to do it. The whole purpose and point of buying Sam Lords without being able to be assured of yourself of having the resources to build it out, the question is where is it all going to come from? I therefore want to urge, Sir, that the Government apply its hearts to wisdom and that this matter be pressed but that the Government's own exposure in relation to Sam Lords be suppressed and done away with and let us abandon the acquisition and let the private sector get ahead with it. If the Government has to create an environment within which the private sector can help the solution, let it do so but given where the Government is, it would be ill-advised for the Government to press on with that initiative.

Sir, I want to conclude by reinforcing the point that I started with.

Asides.

Rt. Hon. O.A. ARTHUR: Sir, sometimes people say that I, all through my career in this House, people used to mock making the same speech about the deficits and managing the deficits and I just want to say to this country do not play with fire. A country like Barbados that does not bring its deficit under control can commit itself to what has happened in Jamaica, a generation of difficulty. Japan has seen it from being the second most powerful economy in the world to the third and it is going down. It has had a decade of difficulties because it has the highest ratio of debt to GDP of any country. Guyana, Mr. Speaker, an economy that at our Independence, was more developed than Singapore shows what happens when a country refuses to treat seriously to the management of its overall fiscal deficit.

Sir, the Government will mock and as I tell you, I joined the Jamaican public service in 1974 as an Assistant Economist and there are some things that stick in your mind. I remember Michael Manley at the end of a Budget debate after the Estimates had been created, declaring that from that moment and thereafter, there will be free primary education in Jamaica, free secondary education in Jamaica, free tertiary education in Jamaica, when Government was told of course that there was no provision for them in the Estimates and that they had to be covered by a supplementary and that Jamaica's deficit being under Manley, despite what might have been his vision for the transformation of the Jamaican society, the deficit ballooned to about 21 per cent of the GDP and with it the Jamaican economy went on a rapid down hill course.

You cannot fool around with unsustainable deficits in small economies. They are the cancer that will destroy the economy. And why? Sir, because whenever the Government has to borrow, it is pumping more domestic spending power in the economy than it is earning and if you are having to borrow at a time when the foreign exchange receipts are going down, the pumping of that spending power into the economy, especially in large quantities like \$1½ billion a year, will eventually put the basis of our stability in a threat.

The only way, Mr. Speaker, a country with a fixed exchange rate can indefinitely maintain that fixed exchange rate is through fiscal discipline and in maintaining deficits that are small, that can be accommodated in the context, Sir, not only of the domestic financial market but in the context of the earning capacity of the country where foreign exchange is concerned.

Sir, put all things together. Large deficits over the course of the last few years, an early warning signal sent to you that in January, when you should be accruing reserves your reserves have started to decline and it is like a warning to the wise. Sir, that is why it might be difficult for the Government to have to countenance the implications of having to adjust its expenditures to control its deficits.

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I am telling you, Sir, based upon long experience, that unless this matter is addressed, Barbados will be put on a slippery slope. This country cannot every year be incurring deficits of 8 per cent and 10 per cent of the GDP without correction. The correction that the Government believes that it is involved in is not there.

Mr. Speaker, I say to the House therefore, not out of any high principle but out of hard practice, that my Administration set goals in respect of what was fiscal prudence. We said as a matter of policy that we should so render the affairs of Barbados that the fiscal deficit should not ordinarily exceed more than 2.5 per cent of GDP. We tried to keep it on average in that realm. There might be occasions when we may have because of counter-cyclical reasons to allow it to go beyond 2.5 per cent but if it did so, we brought it back down as soon as practical. Sir, that was the policy as stated because it is the only way that we will ensure that stability contributes to progress in this country through the fixed exchange rate.

Mr. Speaker, a former Minister of Finance on May 18, 2009, gave this House the stewardship of the management of fiscal deficits by the Administration that I like. These are not my words, they are his, that was the Honourable David Thompson. He said that the history of fiscal deficits over the last ten years are included and I include them for comparison. I set these set of deficits a target of 2.5 per cent on average. In 1999- 2000, 1.4 per cent; in 2000-2001, 1.8 per cent and in 2001-2002, and that was the September 11th issue, 3.8 per cent. We ran a counter-cyclical policy in 2002-2003 and it went to 5.4 per cent and then we brought it down. In 2003-2004, 2.4 per cent; in 2004-2005, 2.6 per cent; in 2005-2006, 1.5 per cent, in 2006-2007, 2.1 per cent; and at December 2007, the Central Banks says the deficit was running at 1.7 per cent. This Administration brought things to account and for the financial year, it went at 3.7 per cent.

I am therefore not standing on ceremony but on the hard reality of what economic management should entail. I beg this Government to move away from a situation as expressed in this year's Estimates where we are asking the country to countenance Government's deficit as high as 8 per cent. Mr. Speaker, this is playing with fire. I say to the Minister, that is why I was so anxious to join the Government, that we have to get back to this. When you set

a goal, and we set a goal, you have to find a way to achieve it.

It was not easy for us, Mr. Speaker. I often hear the Honourable Member for St. Michael South, the Honourable Prime Minister, speaks about how easy things were. I know what it was to be in charge of a Government where the three largest producing enterprises in the tourism sector were out of operation at the same time, Sandy Lane, Paradise Hotel and the Hilton Hotel and then later those were joined by Sam Lord's Castle but we still had to find a way of achieving these results.

The point on which I want to join the House with is that, yes, some of our problems may be foisted upon us by the consequences of the international recession and sometimes we have to find a way of fending them off. Sir, you cannot say to the country that your fiscal problem is caused by an international recession when the real medium term fiscal strategy - you say that you are going to contain the growth in the payroll to increments but then you bring to the House a 19 per cent increase in the temporary wage bill. The Government is foisting part of this deficit on itself.

Sir, I therefore say to the House that there is need for discipline. The Opposition will join with the Government in serious measures and serious initiatives, some that may need to be painful, to make sure that we do not put this country on an unsustainable path because of short-term political indulgences.

Mr. Speaker, I know how difficult it is, I do, to build a consensus in a democracy for difficult decisions. I lived in Jamaica in the hard, hard days when a deficit wrecked Jamaica. In this particular instance, I assure the Government that the measures that may have to be introduced are less painful than the consequences of not addressing the issue in a direct and serious way.

Sir, we had our moments in the history of this country where... We have a choice. This is nothing about doom and gloom, Mr. Speaker. Barbados cannot afford deficits of more than 2.5 per cent of GDP on average, it cannot. The Government wants to congratulate itself on a deficit of 8 per cent of GDP as the basis of its economic policies, policies, if pursued, will be ruinous to this country.

Mr. Speaker, to the extent that as a Minister of Finance I had to hold myself and my Administration to holding deficits that were manageable and sustainable and did not put this country in an unsustainable position and to the extent that the record shows that we could not support this as a Government, I must say to the Government that I cannot now support these unsustainable deficits as an Opposition.

I am obliged to you, Mr. Speaker.

Mr. SPEAKER: I am obliged.

SUSPENSION

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that this Sitting be suspended until 6.00 p.m. today.

Hon. A. D. BRATHWAITE: I beg to second that, Sir.

The question that the Sitting do now suspend until 6.00 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.

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RESUMPTION

Mr. SPEAKER: Good afternoon, Honourable Members, this Sitting is resumed. When the Suspension was taken, we were on Order No. 6, with that we will continue. The Honourable Member for St. Lucy.

Hon. D. St.E. KELLMAN: Mr. Speaker, I rise to support the Honourable Member for St. Michael North-West and to say at the outset that in my 17 years in politics, I am rather shocked at what I heard this afternoon. I could not believe that we were treated to such.

Sir, I want to start by saying that I take my lead from the Estimates 2003-2004, where the Barbados Labour Party in 2003-2004 voted \$57 million to the University of the West Indies and in 2002 that vote was \$60 million, a reduction of \$3 million. Sir, you would have heard the Right Honourable Member for St. Peter stating he was shocked to see that we were coming with a Supplementary for \$71 million, which means that whereas according to them they gave the University of the West Indies \$57 million in one year and \$60 million in the other, we have been able to give the University of the West Indies \$131 million, whereas they only budgeted for \$57 million in one year and \$60 million in the other. Mr. Speaker, yet they want to give the impression that we are stifling the University of the West Indies, when the other side are admitting that they know nothing about supplementaries for the University of the West Indies but that we are now giving the University of the West Indies supplementary, something they have never before done.

Mr. Speaker, we are also hearing this Government has been able to spend \$2 billion from the National Insurance Fund. Sir, it is interesting because we are hearing that the National Insurance Fund can afford to lend the Government of Barbados \$2 billion and still have \$1 billion

more in reserves. Mr. Speaker, I have always said to my comrades that we have to be careful how we use statistics. Sir, it is clear that if the National Insurance Fund can meet its commitments and can have a reserve of more than \$3 billion in such a short space of time, when only two years ago we were told that the National Insurance Fund had no funds in it. Mr. Speaker, now all of a sudden the National Insurance Fund has accumulated \$3 billion, where it can lend the Government more than \$2 billion. Sir, this tells me that the Barbados Labour Party knew exactly what they were doing when they increased the contributions from the employers and employees, that they put unnecessary burdens on the employers and employees, that they created havoc in this country for employees and employers by overcharging them on their contributions to the National Insurance Fund.

Mr. Speaker, it was not done by accident, if you were to go back to the debate, you would see where I told them there was no need to increase the contributions and that all they were doing was building a fund so that they could get money to borrow. Sir the evidence is now out today and it came from no other person than he who put the policy in place to close down a lot of small businesses and created hardship for the business sector in Barbados. Sir, it is clear that the contributions paid by those persons and companies were over exaggerated and that there was no need for such harsh measures. Sir, no wonder so many companies and businesses went under, all because of bad planning by the Barbados Labour Party.

Mr. Speaker, you would have heard about how bad things are. They played that trick between 1991 and 1994 and got away with it. Sir, in 1991, they told the people that we had no reserves. They told the people unemployment would have been 25 per cent. They told the people we were sending home people. They told the people that things were so bad. Sir, do you know what is interesting? This time around they are saying that things are the worst, yet we have more than \$1.4 billion in reserves, we are not sending home anybody, the unemployment is not 25 per cent as they said in 1994, yet they want the public to believe that things have got worse.

Mr. Speaker, what I will tell you is that conditions in the world are worst than they were in the 1990s but the management of the Democratic Labour Party has been such that we have been able to ensure that things are a lot better than in the 1990s. Therefore, they can longer come here and use that old trick to win a Government, because the figures are here. Sir, there is low unemployment figures. They cannot tell people that the unemployment is 25 per cent and that we have negative reserves, neither can they join anybody to go marching to close down the country and mash up the economy anymore, as they did in the 1990s, because that is what they are known for. Sir, they are known for everything on the negative scale, they are not

known for anything positive. Every projection is a negative. Sir, we are saying we have a Government to run and that we understand we have to put the people of Barbados in a position to ensure that when the world's economy changes, we are in a position and a right frame of mind so that the economy can takeoff once more.

Mr. Speaker, we heard a lot about debt in this country and how the deficit has increased under us but no one would believe that they created a lot of debts that were not brought to books. The debts they left were all tied up in what the Right Honourable Member for St. Peter said and I agree with him, that the best deals ever are private/public partnerships. Sir, the Honourable Member would say that because that allowed him to get projects financed and to delay the charges until we got into Government. Sir, a lot of the projects that were financed never came to book until the Democratic Labour Party took over, no wonder the Honourable Member can speak about large deficits by us and can behave as if their hands are clean. Sir, their hands are not clean, it is because we have to take the charges and the loans that they never accounted for because the private sector were holding them and it so happened that when the projects were finished, the Government had changed and we had to take the charge.

Mr. Speaker, we also heard that we are running two drainage divisions, another untruth. We are not running two drainage divisions, we are running one drainage division with two sections. The normal one that is taken over from the Ministry of Transport and Works and the other we call the Welfare-to-work programme. Sir, am I to believe that the Sanitation Service Department are running six divisions, that the Barbados Water Authority are running ten different divisions because they had 10 different sections? Sir, the last person from whom I would have expected to hear that would be a former Prime Minister, who would know about allocations and various programmes in the various ministries.

Mr. Speaker, the Right Honourable Member for St. Peter also talked about a \$1 million storm water programme, that is only our contribution but there will be funding that we will be receiving. Mr. Speaker, in the same way that we will be putting up funding for the Harrison Cave, in the same way we will do it for Coastal Management projects. It is the same thing. The Government has its contribution and the other finances will have their contributions.

Mr. Speaker, what is even worse is that for 14 years in this country we had a Government that was bragging about growth, yet today no one can show me, after 14 years, one productive product or projects.

6.15 p.m.

Sir, all they have done, as I have said, over the years, is that they have behaved like cosmetologists, every thing for show and nothing for growth. Sir, once it looks good, you can always count on the Barbados Labour Party for it but what are we doing? Sir, even though we are in hard economic times in this world, and also in Barbados, we are ensuring that people are educated, that they have good housing, that they have clothing and that they have good health care and, Sir, what more can you ask from a Government when the world is in a crisis? We have demonstrated without a shadow of doubt that we are a caring Government and that we understand it is not only about the economy but it is also about the society.

Mr. Speaker, why is it that we fashion our lives and fashion things in that way? Sir, because we understand that whenever the world is out of a crisis that we must still have people in the right frame of mind to be able the charge and lead this country back to growth again. Sir, if we were to continue to frustrate people and not make them happy, what would we be able to do?

Mr. Speaker, Sir, we are not like the other Government who 14 years ago asked workers to go home and watch soap operas and pay them unemployment benefits. We did not do that, Sir, what we said was that we had to put them back to work. Sir, that is why the former Prime Minister is confused...

Asides.

Hon. D. St.E. KELLMAN: Sir, we have decided that we must have productive people and that we must keep people in production and not to put them home to watch soap operas and then after a time when you ask them to come back to work they do not want to work any more because we understand that in order to drive Barbados forward, we must always keep people in production. Sir, that is what is worrying the Barbados Labour Party.

Mr. Speaker, they talk about spending money but we now have to go and clean up the mess down at the coast guard station and we have to go and rebuild the jetty in Speightstown. Mr. Speaker, we have to go and correct the biggest problem that we would not have incurred had we done it, the flyovers on the highway. Sir, the only place in the world you can have a flyover, flying from highway to highway would have been in Barbados but, thankfully, Sir, the wise people of Barbados recognised, they changed the Government and stop them from creating more economic mess in this country.

Mr. Speaker, you would have heard the Honourable Member for St. Peter speaking about a new sugar factory. Sir, in every country that you speak about expanding a sugar industry, you increase the sugar cane production, if you want to expand the output but in Barbados, we speak

about a new sugar factory but yet still we cut back sugar production.

Mr. Speaker, 10 000 tons of sugar, the Honourable Member for St. Peter stood in a Budget and knocked off in one stroke of the tongue and then speak about building a new sugar factory to increase production to do ethanol, support local sugar and to export special sugars but, where are you going to get the production when you made the reduction in the sugar cane? Sir, the same thing, a small developing country but what did the Honourable Member for St. Peter do? He cut back pork production, milk production and even cut back water production in this country but yet still the Honourable Member wants to speak about growth.

Mr. Speaker, all they have done is to create an atmosphere in this country about cutbacks and not increase in this country. Sir, I am saying that we have to understand that this country has to be refashioned and we have to build it from negativity and put it on a positive path because that is all that was left for us.

Mr. Speaker, you heard them speaking about CLICO, Sir, and one would have got the impression that the CLICO problem was a 2008 problem but, Mr. Speaker, that is not true. CLICO has its problems as far back as 2004 and the Honourable Member for St. Peter was the Minister of Finance and should have known so when the Honourable Member comes in here to give the impression that his hands are clean of CLICO, that is not true. Sir, if you doubt me ask Mr. Dupree because the two of them were good friends and he would have informed them of the problems that they were having at CLICO.

Mr. Speaker, do not let anybody believe that the problem with CLICO is one man because CLICO had a bigger owner and the Honourable Member for St. Peter is well aware of the relationship between the Barbados Labour Party and Dupree so do not let anybody come in here giving the impression that we do not know what we are about and that we are now in here and we are going to take all these lashes.

Mr. Speaker, you know what is happening? We recognise that the productive sectors will have to change and we have already started with tourism and, as you recognise, everybody is talking about the Air Passenger Duty (APD). Sir, we are not talking about that. We are talking about how we will use funds in this country to drive and increase the number of persons coming to Barbados and that is why instead of going a negative route, we are talking about how we are going to put money into the English market, the European market, the American market, the Canadian market and even the CARICOM market.

Mr. Speaker, if you are speaking about deficit, that is the type of money we are spending to ensure that we increase the productive sectors in this country. Sir, that is exactly what we have done because we understand that if we are to get growth in this economy that we have to spend money to get growth. They are saying that what they would have done is not to spend any money and hop that people would come to Barbados but, Sir, it does not work like that.

Mr. Speaker, that is only idle talk because in 2001 when they had the crash in the United States of America that was their approach and we had to tell them from the benches of the Opposition to stop belly-aching and to get aggressive. It is only when they took our advice that they realise that our approach was right but they are known for sitting back, praying and pushing their hands in the air and doing nothing about it. Sir, that is why even though they had 14 years of glory, they left nothing to be accounted for in a positive way.

Mr. Speaker, I am saying that in 14 years they should have built up reserves, there should have been surpluses and there should have been productive projects to push the economy of Barbados but, Sir, they did not do that. Sir, every time you give them surplus revenues they went and found some slush fund instead of having a surplus to live on. Sir, even the ant knows how to get a surplus but the Barbados Labour Party. If you give them \$2 tomorrow, they go and spend \$3 but yet still, when things get bad and you do not have the money to spend, they want to blame you but they do not realise that they should take the blame because they had 14 years of growth accorded to them and they saved nothing. Sir, that is why Sir Harold and myself had to fight hard to get accrual accounting for them because we felt that they were so accustomed to deficits that (9:08)they would run deficits all the time but if we were to move it to profit and loss, at least they would feel they are losing money and they would try to make a profit but, Sir, not even that helped them. Sir, even though we allowed them to introduce the accrual accounting, they still came to the House talking about deficits because they were so caught up in this belief that once you have deficit that you go and borrow money but they do not realise that Government now is like a business and that you have to operate it like a business.

Mr. Speaker, we will ensure that we will beautify Barbados, make it accessible to the citizens of Barbados and to the tourists alike. We will not continue any more to allow Barbados to look the way it had looked for last 14 years and we have set about to ensure that Barbados will be environmentally safe, finally.

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We will ensure that we will move toward garbage and we will now treat it to raw material and ensure that

everything in Barbados is reusable. The Barbados Labour Party cannot understand that.

Sir, the truth is, the Barbados Labour Party believes in comparative advantage. They believe in comparative advantage because for 14 years instead of following the practice which they found within the Caribbean, of import substitution, they directed everything to profit and loss. Every thing that relates to poor people is profit and loss. That is why they felt it was cheaper to buy a new refrigerator instead of repairing a refrigerator. What they have said to the persons in the service industry is, we do not need you anymore. We have no room for you. It is cheaper to import than to repair. That is why you would have seen many refrigerators and large appliances dumped all across Barbados, while the import bill has been increased, not realising that policy incurred large sums of foreign exchange which costs this country to borrow more than they were earning, and that is why we are in this position today. Sir, that is because they always felt that they simply had to run to the international market and borrow money, without making saving money.

Sir, if we are in crisis here today, it is quite clear where and how it occurred. It was left to us by the Barbados Labour Party, who instead of running surpluses, ran all deficits which had to finance. Sir, you heard them talking about us serving loans. Sir, there are their loans. Do you know what is even more dangerous, I was in here when they borrowed \$200 million and said that it was to be an insurance policy for rainy days. When the rain came, under us, we could not find the money that they borrowed. Instead, we had to look to find money to pay the loan.

Sir, there is no doubt that the Barbados Labour Party has a record of creating problems for the Democratic Labour Party. In 1961 they did it, and what is even worse, this is just a repeat of the Barbados Labour Party.

In 1986 when we took over from the Barbados Labour Party you know what happened. We had the Japanese loans to service. Sir, every time we accumulate money in Barbados we had to service their loans, because they are known for leaving debt and deficits for us to service. We can never get a good opportunity to run this country the way we would like because we first have to pay off all of their debts.

Sir, I am saying that the people of Barbados understand what has happened, and they will ensure that they give us the hand that we gave them in 1994, because we gave them a very good hand, as much as they talk. Sir, they are now expecting to return to the public with that same trick, again, to gain another good hand, but the public is not going to be tricked twice by them because this time they do not have the movement of 40 000 and more to march with them, because people understood how they

tricked them. Sir, they told the people of Barbados to give them the Government and we will give you more wages and salaries. The first thing they did when they got the Government in 1994 was to ask the people to hold strain. Sir, do you know what is interesting? They held strain for 14 years and are still waiting on them. Sir, when we gained the Government in 2008 and the first order of the day was to give them a salary increase.

Mr. Speaker, there is no doubt that whenever you want progress it is under the Democratic Labour Party that you get progress.

Sir, for 14 years and more they had people bellyaching about landlocked land. They had people bellyaching about not being able to get a title, and it took the Democratic Labour Party to correct all of those things. Do you know what is interesting? After it was said in here, I heard a parrot somewhere else repeating it as if they were not sitting in the seat to make the change, but as soon as we come up with things that are progressive, they regurgitate it as if it was something new, not realising that the public would have heard it coming from us already.

Mr. Speaker, we will continue to ensure that our beaches are kept clean, that we do the necessary work to correct the problems on the beaches. We will ensure that the highways are kept in a decent way. We will ensure that the National Sewerage Plant, et cetera are installed. We will ensure that the Sanitation Service Authority is able to bid to ensure that the Leaching Plant is in place, that the recycling plant is in place, and the waste and energy plant is also in place and the necessary facilities for the various Government departments are in place.

Mr. SPEAKER: Honourable Member you have five minutes in which to conclude.

His Excellency D.St. E. KELLMAN: The water mains that were spoken about for many years, we will ensure that there are put in place, and will also ensure that there is a proper agreement between the Government and Barbados Ionic Limited to ensure that the price of water is delivered to the citizens of this country at a right price. We will ensure that.

Sir, we will also make sure that we speak to as many persons as possible to ensure that Barbados will not be a water scarce country anymore but we will get persons who will work with us to correct that problem. Sir, for 14 years they could not do it. Sir, like the fishing agreement which they did nothing about for 14 years when the people used to be locked up all the time, and now that we have stopped people from being locked up, they are still talking about a fishing agreement.

Mr. Speaker, there is no doubt that when you want a solution you have...

Asides.

His Excellency D.St. E. KELLMAN: The Honourable Member for St. James North is saying that the fish moved back to Barbados. Sir, the joke on the street is that they moved back to Barbados when the Government changed. Mr. Speaker, there is no doubt that even the flying fish ran away from the Barbados Labour Party, because they knew they were not working in their interest because they were too small for them.

Sir, the Barbados Labour Party cannot deal with small projects. They cannot deal with the small fish. They can only deal with large fish. That is why when they want to provide a project, it must be one that has \$500 million in overruns and things like that. Sir, this Government understand that there are the small things make people happy. Sir, in this crisis time ensuring that the people of Barbados are happy, because we know that one day coming soon, we will put the country back on track again because we have something that we worked on before that we are working on now to ensure that this economy is protected from the Barbados Labour Party.

Sir, I am asking the public of Barbados to do is to ensure that when we put the economy back on a solid ground, as we are at the moment, they do not spoil our plans by allowing it to the Barbados Labour Party to give to their friends and foes again.

I thank you, Sir.

Mr. SPEAKER: The Honourable Member for St. George South.

Hon. Dr. E.R. BYER-SUCKOO: Mr. Speaker, I thank you for the opportunity to speak to this Bill and to support the Honourable Member for St. Michael North West, the Honourable Minister of Finance, and the presentation he made this morning. Sir, I would acknowledge that his task would not have been an easy one but I would like to again support what he said and the plan he has put in place for Barbadians. Sir, to my mind it is a clear path for Barbadians and should provide Barbadians with hope, confidence and pride.

I would also like to support the comments from my colleague the Honourable Member for St. Lucy. Believe it or not I actually would agree with a couple comments that came from the Right Honourable Member for St. Peter, but only the first two comments he made, but after that it was downhill from there.

The Right Honourable Member for St. Peter started by saying this was a difficult task and, perhaps the most difficult task for a Minister of Finance ever in the history of Barbados. Sir, though he may have meant that to be derogatory I do agree that this would have been a very difficult task for any Minister of Finance across the world given the times that we are facing, Mr. Speaker, and my congratulations to him for his presentation and for all the work that he would have done in that.

Mr. Speaker, also the Right Honourable Member for St. Peter spoke to the fact that the public is hurting and he is concerned for the public. At that point I had expected to hear comments that would have given the public some confidence and although I listened for three hours, I heard nothing that spoke to the public of Barbados, not in regard to anything that was said on this side, nor did he offer any kind of suggestions for the people of Barbados but they could do differently or perhaps even better, no alternatives were given.

Mr. Speaker, we do acknowledge that there are members of our society who are suffering. Unemployment right now is higher than we would like it to be. We see the last figures at around 11 per cent. We are not living in a bubble that is what we see around the world. The unemployment figures have been rising everywhere. In fact, in Barbados as I said, we are at around 11 per cent and I know that we have colleagues in the region where unemployment figures are 20 per cent, 30 per cent some as high as 40 per cent.

Mr. Speaker, it is not an easy thing for our people to deal with and as a Government we are not comfortable with those figures at 11 per cent. We cannot be comfortable with that, certainly as Members of Parliament and community practitioners we cannot be comfortable with the unemployment figures where they are because in spite of pronouncements coming from Government, in spite of the Estimates presentation and the Budgetary measures that were put out in November, speaking to Government's need to cut back on its expenditure the public out there still expects that there are going to be jobs waiting for them in Government.

And so, we see them in numbers. They come week after week, and they expect that there are going to be jobs there and when we cannot come forth with those jobs there are accusations, castigations and so on but we know the realities. As I said, in spite of discussions such as this one, the public still expects that they can get these jobs in Government. Sir, some will get jobs but not all will get jobs.

Mr. Speaker, for many of us in here, knowing the limitations, we would have to analyse and assess those cases that come to us, those persons who come for

assistance and determine which ones are priorities because the truth is, we know that we are not going to be able at this time to help all those persons who come. Unfortunately, the persons who come to us seem to want jobs in Government. They are not really interested for the most part in jobs in the private sector and so sometimes it falls on us then to have to look to those persons.

For example, the lone bread winners, the single parents, the only ones earning money in the family, those persons who have five and six children and no support from anyone at all and we have to assist them especially. We have to prioritise on a case by case basis, a needs assessment, if you would. Sir, even with that approach, it does not give us any satisfaction. We know you have helped a couple of people but it does not give us any satisfaction because those persons who are not employed are still unhappy.

I am not denying that Barbadians are hurting, Mr. Speaker, but I want to reassure Barbadians that there is hope. There is light at the end of the tunnel. The presentation that we heard from the Minister of Finance this morning clearly shows us that there is hope, there is light at the end of the tunnel. I say that especially to those persons who had been trying, some had been going to their Mps, they have been combing the streets and they have been doing this for many months and no jobs and, I know that they are losing hope.

Mr. Speaker, I have seen figures that suggest 40 per cent of job seekers around the world have been unemployed for more than one year. Of course, that article goes not describe the effects it has on those persons. Mr. Speaker, persons who have been unemployed for so long, when you are first unemployed, you start with a hope that you know, any day now, a job will turn up. You go with the energy and that vigour and you look for work.

Unfortunately, we know that there are people when they are unemployed, they do not go right away, they wait until after the unemployment benefits have been used up, then they go looking for work. But with the expectation, Barbadians for example, do not go looking for work right away because they figure, well we get the unemployment benefit and then right after that, a job will come. They expect that right after the unemployment benefit finishes, there will be a job waiting and then they start to look for work in eager anticipation of this job.

Mr. Speaker, after you have been looking for a job for many, many months, up to a year, the depression sets in, the demoralisation for persons who cannot support their own families and who see that look of hunger on their children's faces. There is a loss of self-esteem, Mr. Speaker and sometimes even more severe, mental health problems beyond depression, some even toward suicide and that is

why as a Government it cannot be business as usual. Sir, every action by the Minister of Finance and indeed every Minister in Government has to be aimed at development that would ultimately benefit the society, including jobs so that is what we are working towards. Everything we are doing here is aimed towards improving the lives of all the citizens of Barbados and that includes jobs.

Mr. Speaker, that is why we buy into the ILO's Global Job Pack. In the Ministry of Labour, this is one of our guiding documents, the ILO's Global Job Packs, Recovering from the Crisis and this is a tripartite agreement that is aimed at reducing the time lag which, historically, we have seen existing between economic and recovery with decent work. We are seeing in many countries around the world where economies have started to rebound and they are starting to see growth again in their economies. They are still not seeing a concomitant increase in employment because often there is a lag between economic recovery and employment recovery and so the ILO has attempted to address that because they have seen that crisis after crisis that is the pattern, and they have attempted to address that so that we reduce that time lag. Indeed, Mr. Speaker, what we are aiming for in Barbados is to see that our recovery is with jobs. In America, they are reporting some improvement in their economy but a jobless recovery.

The ILO would have met with the IMF, Mr. Speaker. Two international organisations with different mandates and using different policy tools but they came together to tackle the challenges because it is not just labour, there are financial and economic aspects and so on and all in all, we want to take a more holistic look at recovery from the crisis so the ILO met with the IMF, and they came together to tackle the challenges of growth, of employment and of social cohesion.

Sir, as a spinoff from that meeting, here in Barbados in January, the ILO met with the CDB for a regional symposium and that symposium, Mr. Speaker, was entitled, "Addressing the Effects of the Global Economic Crisis on Labour Markets in the Caribbean Preparing for Sustainable and Decent Employment." It was recognised then that all the countries of the region are indeed committed not only to economic growth but, Mr. Speaker, certainly the Government of Barbados. The Democratic Labour Party Government is committed to building a more secure and a more resilient society as we look at growth out of this economic recession. At that meeting we looked at issues such as training, labour market information systems, social protection and even public employment services.

Mr. Speaker, as Barbadians would have listened to the presentation this morning, they may not have heard specifically numbers about how many jobs are going to be created and when but, Mr. Speaker, I want again to assure

the public of Barbados, I want to assure my constituents in particular and all Barbadians that the focus that you would have heard on growing the economy is to ensure that there will be jobs, economic growth, and a growth in the GDP will result in increasing jobs, the aim being to return to a positive growth path through new and existing areas, and also small business development.

Mr. Speaker, the Medium-term Development Strategy, looks at incorporating measures that would help to increase employment. It has helped thus far to stave off the unemployment. It could have been a lot worse than it is. As I said, for many of our neighbours, unemployment figures are quite high, 20 per cent and 30 per cent even but for us in Barbados it has stayed at 11.

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As I said, we are not comfortable with it but we know that could have been worse had the Government not taken the measures it did. Those measures outlined a medium-term development strategy that included investments in capital projects through construction and renovation of Government buildings and road works, the National Housing Corporation programme and money into FundAccess. Mr. Speaker, we would have heard this morning that an additional \$1.5 million has been put into FundAccess specifically for small business development.

Mr. Speaker, Government made and kept its commitment to maintain employment in the public sector and it did what it could to hold the hands of the private sector so that they can maintain employment as long as possible. Sir, we have to congratulate our partners in the private sector for holding jobs where they did. We know that all were not able to hold the jobs but they did an excellent job and we want to congratulate our colleagues in the private sector.

Mr. Speaker, the Double Taxation Treaties that you would have heard of, those that have been signed and initial and those also that are to come, were in an effort to develop the international business and financial service sector. Again, that would redound to more jobs being created in Barbados. Mr. Speaker, as I said, the Government did what it could with the private sector, the Tourism Relief Fund to help hotels, the Four Seasons construction, we discussed that recently, and of course what is being done to augment the overseas employment opportunities.

In the Ministry of Labour, we are certainly looking to enhance the programmes of the liaison service through the external employment programme in the National Employment Bureau and even expanding the liaison service so that we can tap into more jobs even in areas that are non-traditional for us. Right now Barbados is getting

jobs in Toronto but we are looking further afield. Actually, we have secured already a couple of jobs in Alberta and we are looking to position a person in Alberta so that we can tap into the area which is growing because of the oil sands there.

Mr. Speaker, all in all, this crisis has proved a challenge. It has provided the Government of Barbados, indeed all the governments of the world, with a challenge on how to pursue policies and expand critical expenditure on social safety nets and infrastructure that are critical to human development and growth. This crisis has or has had the potential to undermine the progress and development made by many nations especially developing nations and to undermine the standard of living that we would have come to achieve as a nation in our 44 years of independence.

Mr. Speaker, all that could have been eroded if Government did not hold carefully in its hand those sands. Those sands could have slipped through our fingers but Government held on carefully and made sure that we did not lose the development gains as we have seen many countries, especially developing countries across the world, have done. Those countries have slipped back. Barbados is still ranking high on the Human Development Index. Barbados is still doing well and that is where the presentation this morning gives me a sense of pride. Barbadians and this Government have been able to do what many countries in the world have not been able to do. We have been able to keep our society together, keep our economy afloat and all in all ensure that Barbados is still working for Barbadians.

Around the world where unemployment rates are high, we are seeing social unrest. Social unrest comes about not only where there are no jobs but where there is no confidence in Government, no confidence in governance and no confidence in the Social Partnership. Mr. Speaker, I am proud again because we have not seen that level of social unrest in Barbados, and why is that so? Mr. Speaker, that is so because we have managed to maintain that social cohesion because Barbadians are confidence in the Government that they elected to take them through this time. The Democratic Labour Party Government is seen as a Government that is for the people, a Government that is fair, a Government that is about equity and a Government that is about social justice. It is ever aiming, it has always been from its inception, for a just society. Barbadians have come to know through the years that in times of crisis they can be assured... I am not denying that they are hurting, Mr. Speaker, but even though they are hurting and they may be disgruntled, Barbadians are still prepared to have faith in this Government because they have seen what a Democratic Labour Party can do for them, and they are seeing how we are helping to steer this ship and they know that all would be well, they are hurting but they have faith.

Mr. Speaker, fairness must be the compass that would guide us out of this crisis. We have had to make difficult choices in the past two to three years but the truth is people, especially an educated people like Barbadians, can understand difficult choices if they see them as fair and if they all share in that burden of pain. In our personal lives, in our homes, in our families and in our private businesses, we have all had from time to time in our lives, not only with this crisis, to make the difficult choices. You hurt for a while but then you get on.

Mr. Speaker, Barbadians understand that we have to make the difficult choices but they are prepared to stay with us through the difficult choices because they know that they are fair and they are for their best. It seems that we have an innate sense of fairness. Mr. Speaker, if you have children, you know that children have an understanding of what is fair. If you spank a child for something that they did, they would not fret but if you spank that child and they know that they did not do what you are spanking them for, that child will carry on. If you have two children and you do not treat to one the same way that you treat to the other they would grumble and they would ensure that you know that it was not fair. We all have an innate understanding of what is fair and we do not need anybody from anywhere else to tell us when we are being treated to fairly or unfairly for that matter. Barbadians understand that they have been treated to fairly.

Mr. Speaker, governments should not have to choose between the demands of the financial markets and the needs of their citizens. Mr. Speaker, that is again why I am proud to be here today, why I am proud to be a Barbadian and why I am proud to be a member of this Government because we are making the right choices for Barbadians.

Indeed, Government must be efficient but it must also be effective. I know that is a tight rope to walk but we are doing it and the people are seeing that we are being efficient and also effective in meeting their needs. Financial and social stability must come together otherwise at the end of the day it is not only the economy but the society and social cohesion that would be at risk.

Mr. Speaker, in spite of the choices we have to make, we are still maintaining that level of social stability. You heard the Honourable Member this morning speak to the fact that most people still have water. There are areas in the North and North-east that do not have water. Those are challenges that existed from before but people still have good potable water coming to their taps every day and they can still be assured that the quality of the water that they drink is acceptable. They can still be assured that the quality of the health care, that they get is good quality, that the education they get free of cost is still above par, that our Sanitation Services Authority is still working for them so that our streets are not littered with garbage, that our

social support systems are still intact, the welfare system is still working, home help is still working, home repairs, even those from Tropical Storm Tomas of last October, are still working. Bajans could still be assured that all those things are happening.

I want to assure members of my constituency whose homes has been damaged by Tropical Storm Tomas, some have seen some work started, but that the Government is not going to rest until those homes have been repaired. I have it on the assurance of my colleagues that those houses will be repaired. Certainly, I will continue to stay on top of it until those homes in my constituency are repaired. We have houses throughout the constituency that have been damaged and I know that some of the people are getting nervous, they know the hurricane season is coming in again but the work is continuing and I have not drop the ball. I am going to ensure that those houses are fixed.

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Mr. Speaker, as I talk about social stability, allow me just a moment to speak to the Social Partnership and to thank them for their role in helping us to navigate through the economic crisis thus far. The Social Partnership has been committed to regular monthly meetings. I have had the privilege of sharing meetings with the Social Partnership Subcommittee but we have been meeting regularly. Those meetings are well-attended and contrary to what some may think, those are not combated meetings but who have made a commitment, in the face of this crisis, to work in harmony with Government.

Mr. Speaker, a year ago I stood here when I had just became the Minister of Labour. I had encouraged the members of the Social Partnership to work with us, not to lock horns but to link hands and work together. Sir, I want to thank them because they have been doing just that. Mr. Speaker, we have been having our regular meetings, we have not been arguing and fighting, instead we have looked at issues affecting productivity, we looked at legislation and issues related to governance. We looked at the Employment Rights Bill and other bits of legislation. Mr. Speaker, not only have we looked at labour legislation, we have looked at other legislation as well. We have examined, for example, the green economy and green jobs. We have examined entrepreneurship. We looked at challenges to international business, tourism and at the airport. We also looked at governance and administrative issues. We have addressed these issues with a tripartite lens. We are ensuring that together we can build a better Barbados for all of us. This is not a time to be combatant. There are times when workers and employers had their issues but when we came together as a Social Partnership our focus is different, we have been working on building a Barbados that works for all sectors of Barbadians.

Mr. Speaker, Protocol Five from 2001-2005 has had to be rolled over every year but again this Subcommittee of Social Partnership is working. We have a draft Protocol Six that we are preparing to sign on May Day this year. It has been long overdue. That one was rolled over from 2005 through to 2010, but we are going to ensure we have a new protocol.

Mr. SPEAKER: The Honourable Member has five minutes in which to conclude.

Hon. Dr. E. R. BYER-SUCKOO: Mr. Speaker, to those unsuccessful job seekers whom I mentioned earlier, to those who are becoming depressed, to those women out there, we know there is a slight increase in the number of unemployed women, I want to encourage them to have faith and to know that there is light at the end of the tunnel. Mr. Speaker, in the meantime, I want to encourage them not to sit idly by and to wait but to use opportunities for retooling and networking and making themselves more marketable.

Mr. Speaker, not only that, at this time I am encouraging persons to get up and volunteer. Is volunteering going to pay the bills? No, it is not but we are seeing volunteering and becoming involved with children and community groups help to stave off that low self esteem and depression that can make or break individuals. We have seen that by getting involved in useful projects, in helping out a neighbour may not pay the bills but more than that, it will help to stave off that depression and still gives one's life some meaning and quality of life.

Mr. Speaker, every year coming out of schools, we see a lot of young people brimming with promises and possibilities. They are now being added to the pool of job seekers. Around the world the figures I have seen put youth unemployment as having risen from 11.9 per cent in 2009 to 13 per cent in 2011. With that we are seeing an increase in crime and in deviant behaviour but Government is still committed to working with those young people.

Mr. Speaker, I see in the Estimates there are still allocations for social programmes and for recreational facilities. Again I want to encourage our young people to become involved and not to sit idly by, not to let that sense of hopelessness take over them. Mr. Speaker, I have a son who is graduating from the University of the West Indies this year and I know when he comes out he is going to be joining that pool of job seekers as well and so I will give young people that same advice. Do not simply sit around twiddling their thumbs, get out there and look for work but in the meantime they can do other things that can give their lives meaning. These are all things that will look good on their curriculum vitae and helps them to become more marketable. Mr. Speaker, I want to encourage young people to use their talents and to create opportunities. I

want them to think outside of the box, to use their talents and create opportunities.

Mr. Speaker, as I prepare to wind up, I want to say a word on the work of the Ministry of Labour. Presently we have in draft a National Employment Policy, which will do a number of things such as assessing the needs to industries and preparing persons for those areas of employment. We are not only looking at the traditional areas such as tourism, agriculture but also at the newer forms of agriculture but also in the cultural industries, in the area of industry and film, the area of information technology, green jobs and knowledge-based jobs.

Mr. Speaker, also through the National Employment Board we are now looking for institutional strengthening. We are now looking at a project to support that industry so that we can tap into more employment opportunities. We have just approved the contract with the Norwegian Cruise Lines. There is one for Royal Caribbean Cruise Lines where jobs are going to be available for Barbadians. As I said, we have gone out to Alberta where we have secured some jobs. We are rekindling the H-2-A Agricultural Programme in the United States of America which, for many years, has been dormant. Already we have persons in the United States of America, who are interested in having Barbadians work in the agriculture areas in the United States of America. Mr. Speaker, I mentioned retooling, we are also facilitating the \$10 million retraining fund.

Mr. Speaker, our focus in Government continues to be empowering all people, we see that through health, education and social welfare and programmes to provide financial assistance to small and medium-sized businesses like FUNDACCESS. Likewise the Ministry of Labour is playing its role in empowering and finding jobs, et cetera. Mr. Speaker, all I wish to say to Barbadians is that this Government continues to work for them. We are not working with airy-fairy policies out there, but that everything we do is with a view to relieving the plight of Barbadians, those unemployed Barbadians, those underemployed Barbadians, those Barbadians who have been working towards betterment, this Democratic Labour Party has always sought for social justice. We have always sought to ensure that Barbadians can achieve whatever they dream of achieving. We are ensuring that can happen.

Mr. Speaker, I want to leave Barbadians with hope, confidence and pride. We see the world is falling around us but I want them to remain proud to be a Barbadian. Mr. Speaker, I thank you.

Mr. R. C. EASTMOND: Mr. Speaker, it is 7.08 p.m. and I have heard not the Honourable Member for St. George North but Honourable Member for St. George South for her voice as a voice which is smooth, suave, smoothing and vocal tone, yet her tenor certainly for the

first 15 minutes was most lachrymose, as the Honourable Member suggested that there were those in society who felt no hope, who were hopeless. The Honourable Member begged them not to continue to hurt. The Honourable Member pleaded with them not to be disgruntled. The Honourable Member then rounded up her contribution by venturing and taking a flight of fancy into an unreal world when she mentioned the H-2-8 programme which involves the farm labour programme between the United States of America, and Barbados when Barbadians are not interested any longer in farm labour.

7.06 p.m.

Sir, it is as simple as that, and when the United States of America despite the existence of a H-2A Visa as a visa...

Asides.

Mr. R.C. EASTMOND: She did not really suggest anything about water to the same degree as the Honourable Member for St. Lucy to whom I have to turn but she did mention a number of initiatives which she intends to oversee, initiatives which she intends to oversee, initiatives which she intends to pursue hand-in-hand, as Erskine Sandiford would say, with the social partners. What she did not mention is that the Democratic Labour Party Government has so far been unable, notwithstanding the existence of a Ministry of Drainage, to do anything about the flooding close to Chris Sobers' shop in Sion Hill. Sir, I want to see the flooding close to Chris Sobers' shop in Sion Hill ended. The Honourable Member for Christ Church South, whom I do not intend to attack, attended Chris Sobers' funeral as a mark of respect to a man who was one of the last Rules of Government counsellors in this country and right there by Chris Sobers is an area that floods repeatedly, as badly as Trents in St. James does, and I would want the Democratic Labour Party to bear in mind that the same way that St. James South and St. James Central exist that St. James North exists as well.

Mr. Speaker, the flooding at Chris Sobers' shop did not start 14 years ago. It is one of these strange...

Asides.

Mr. R.C. EASTMOND: Mr. Speaker, I am going to be truthful. Sir, nature is a strange thing. Sir, nature in all its forms is strange, sometimes not fully appreciated, and sometimes nature is quite creative and sometimes when you interfere with nature, things happen. Sir, let me give you an example about interfering with nature. Sir, right now, a marina is under construction in St. Peter, north of the existing marina and do you know that the land reclamation has already started to see tidal movement there that is very strange in the same way that a beach emerged

at Enterprise after land reclamation. Sir, the problem by Chris Sobers' shop started with a development over the hill that took the space where cane holes used to be many years ago.

Mr. Speaker, I am being truthful. Sir, at this stage in my life, I am not going to mislead this Honourable House. I will never claim perfection but I will come in here, Sir, and speak the way I will speak tonight without resorting to untruths and slur, without putting myself either in a gutter or a cesspool.

Asides.

Mr. R.C. EASTMOND: Mr. Speaker, nobody so far in the debate has gone in the cesspool, that is not fair. Sir, nobody at all has gone to the cesspool. You invite people...

Mr. SPEAKER: Honourable Member, please address the Chair.

Mr. R.C. EASTMOND: Sir, if I go back to the Honourable Member for St. George South in her last seven minutes she would say you should retool, you should do this and that and I said to myself to myself that the poor Speaker has to go back to school, because she should been addressing you, which, Sir, she did.

Mr. Speaker, there is this development, another development called Turtle Back Ridge, it is an exclusive place. It is a place for the nouveau riche and some people best described by the Honourable Member for Christ Church East Central. Sir, the Honourable Member for Christ Church East Central is a wordsmith and would find terminology for the very rich, especially those recently arrived people who have access to money. The Honourable Member would call them 'hyperloy' people or something like that.

Sir, with the coming of Turtle Back Ridge, land that use to absorb water now no longer absorbs water, and Turtle Back Ridge is a relatively new development, and that water bypasses the houses and comes gushing down the hill. Sir, that water then floods all there by Chris Sobers' shop, and gets as far cross as the house of Rudy Gibbon's father, inconveniences this humble servant as he tries to get to his lowly edifice and, therefore, I am pleading not only on behalf of these people in Sion Hill and Upper Carlton who are flooded out but I am appealing to the entire Drainage Unit in the form of its new Minister, who in his excitement, sitting on the Front Bench, delivered of himself some remarks to which I will have to turn fairly soon, Sir.

Mr. Speaker, meantime, I will be happy if I can get an assurance from any Honourable Member on that side that the flooding problems of St. James North be put to an

end. Sir, one area that has flooded repeatedly is Trents and I would want the Government not to easily swallow advice from technical people who tend to get their fixed salary every month, who do not have to face the electorate...

Hon. D. St.E. KELLMAN: Mr. Speaker, on a point of order. The Honourable Member is misleading the House by giving the House the impression that problem which he speaks of, that attention has not been drawn to it. Sir, maybe if the Honourable Member was in the area he would know that the department has already checked it out and we will be dealing with that particular problem. Sir, the truth is, that problem has been there for more than three years but, Sir, we will solve it.

Mr. R.C. EASTMOND: Mr. Speaker, Sir, one of the fairest comments that I could make about the Honourable Member for St. Lucy is that he just loves to speak, and speak and speak, and he says anything. Sir, in his contribution within the last nine minutes, he spoke about garbage in a rather incoherent way, and then he spoke about the Barbados Labour Party being into comparison and, Sir, the Rules of this House do not permit me to liken the Honourable Member's speech unto garbage or to compare it but, Sir, much of it lacked substance, was incoherent, was inarticulate; much of it, Sir, was misleading for he said, Sir, to give the Barbados Labour Party \$2 they would spend \$3 when what I have in my hand here under the Democratic Labour Party, Revenue or Earnings, \$2.522 spending \$3.5 and he says that if we have \$2 and we spend \$3 when the record shows that the converse is true and absolutely true, and cannot ever be disputed.

Hon. D. St.E. KELLMAN: Mr. Speaker, on a point of order. The Honourable Member is misleading the House about what I spoke to because in times when things were, good they were still able to create a deficit. I never said that we have not create a deficit because in these times that is expected but not when you had 14 years of growth.

Mr. SPEAKER: Honourable Member for St. James North, please continue.

Mr. R.C. EASTMOND: Mr. Speaker, I believe in the sanctity of the Chair, whether you occupy it, your deputy or the Chairman of Committees and I believe that there is a minimum level of respect for the Chair below which you should not go and I am beginning to wonder if the Honourable Member for St. Lucy is not trespassing on your patience to such a degree as to undermine the very role of the Speaker in this Honourable House and the role of the Presiding Officers for he is looking at issues that defy logic, that defy commonsense and I fear, that contradict the confidence which the good people of St. Lucy have reposed in the Honourable Member for St. Lucy.

Sir, this is the same Honourable Member who is known to have been blessed by the Honourable Member for St. Andrew. The Honourable Member for St. Andrew renamed a place in St. Lucy Kellman's Drive in the expectation that the person after whom it named, one Denis Kellman, whose name I cannot call in this Honourable House because of the Standing Orders. Sir, Judge Gap became Kellman's Drive and then a place call Moon Town developed and a businessman, tiny in stature but large in opulence, financial and otherwise, given to logorrhoea, given to exuberant enthusiasm that knows no bound, and this little fellow says that the Democratic Labour Party runs Government like a business, which the Democratic Labour Party should be doing.

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Let me comment on that and this is a fair comment.

Sir, now if he says that the Democratic Labour Party runs this Government as a business, he should at least point to some proof, and even if he did not have factual proof, he could give opinions genuinely tendered. Sir, how can he make bold to utter such a pronouncement, when the expenditure patterned of the Democratic Labour Party has revealed in a striking and marked way that the Democratic Labour Party would be spending something like \$1.444 billion of which \$140 million was left back for business activity? What is the total vote? Sir, an excess of \$1.4 billion as money to be spent. What is the money to be invested, \$144 million. Now, that is very significant because if Government is investing a very small amount in capital projects, and if Government has so much money at its disposal otherwise, the logical conclusion is that the whopping amount in excess of \$1 billion will be spent purely on expenses that are not necessarily productive in nature. This Honourable Member talks about running Government as a business.

Sir, I know that my time is limited. My time in this speech is limited. It is also limited in this Honourable House. In fact, life on earth for us generally is limited.

Sir, I repent something today. We have here, certainly, since 1994, a veritable centre of excellence known as our Post Office. Sir, our Post Office is a centre of excellence. I am talking about the GPO and the branches, the staff is polite. The atmosphere is right, and such like. The staff is willing to train. Some of the staff are highly respected by the International Postal Union. Sir, you go to the Post Office and you lack for nothing when it comes to courtesy and such like, and it grieves the heart of the Honourable Member for St. James North that the Post Office is projected to sustain a deficit of \$6 621 436 in their foreseeable future. A deficit of over \$6 million in

circumstances where this institution has set a good example as a Government institution; in circumstances where it now has to, to use the word of the Honourable Member for St. George South, an overused word, but to use the word, retool. Sir, the Honourable Member for St. George South was talking about retooling people who were never employed. You cannot retool somebody who was never employed, but certainly you can retool something that was at one point tooled, and can be...

Asides.

R.C. EASTMOND: You cannot retool something that never was tooled.

Sir, the Post Office has to find ways and means at the urging of the Cabinet and Government to be able to compete in a situation where technologically speaking, the environment in which the Post Office is operating is hostile. Yet the Post Office cannot be ignored. I am making much of the fact that the Post Office where you can find some of the best workers, where you get some of the systems, and where revenue stamps are issued, that the post office is projected to make such a big loss.

Sir, could it be that the Government was not advised? As the Honourable Member for St. Philip North would tell you, sometimes in accounting you do not correctly count the figures properly. I wonder, in a situation where there is a separate Government department that really receives those revenues stamps, but they were issued by the Post Office, I wonder if an element of false accounting or false counting has taken place, because in certain professions where stamp duties are payable, people purchase revenue stamps sometimes in the amount of \$500 and more, and the Honourable Member for St. Joseph can confirm this.

Sir, the point being made is that whatever it takes, the Post Office is here to stay. No amount of technology is going to derail it. The Post Office now has to look for niches. There are certain things that just will not come through the Internet and if you doubt me ask LIME. You feel that you can get a LIME bill through the internet so easy? You have to send it through the Post Office.

CBC sends things to you through the Post Office. The Barbados Light and Power sends things through the Post Office. The Barbados Water Authority sends things through the Post Office. Large packages have to go through the Post Office. Certain documents which are registered go through the Post Office. Sir, there is some room for postal services to be an answer.

Sir, in terms of what we had here, I have known the Honourable Member for St. Michael North West when he was a youngster manifesting hopes commensurate and

realised that he had some enemies then, perhaps more than now, or perhaps overlapping with those he has now, and I made sure that his enemies did not bring him to grief. The Honourable Member can be advised by his mentor that there has been a system where even though Sections 108 to 110 of the Constitution speak about raising revenue and expenditure in an ordinary plain sense that we have to see these Estimates as our Budget and certainly as an instrument of economic and social development. That is the position of the Barbados Labour Party. The Estimates represent the Budget, and the Budget should be used as an instrument of social and economic stimulation. The question would be left, and it has to be answered truthfully by the Honourable Member on the other side. The Honourable Member for St. Lucy having spoken already will only speak again, I am sure, either in asides or on points of order, which would be tantamount in quality and quantum to the utterances he made here today.

Sir, do you know that there is an institution which

says, "Man Know Thyself"? Somebody else said that if you are true to yourself you cannot be false to any man or woman, but in an exercise like this, rather than throw blame on history, rather than throw blame on colonialism, rather than throw blame even on the Barbados Labour Party, in an exercise like this we have to own our problem. We have to be honest with ourselves and let us start with the fiscal deficit. Let us own the fact that we have a fiscal deficit of high alarming proportions and let us not shift the blame anywhere. Let us own up to that. Sir, the first step in making progress is to own your problem, as the last speaker, the Honourable Member for St. George South would say, and do not deny the problem and shift it.

Sir, there are men going home tonight without a cent to give to their wives and girlfriends, and they are going to go home and tell their wives and girlfriends that they were traveling from Jerusalem to Jericho and fell among thieves. When the fact would have been that they went somewhere with it that they ought not to have been and they parted company with their money and do not have anything to give home. They are people in denial. Sir, when you go into denial you therefore have a problem. We have to face up to the reality that we have an unsustainable fiscal deficit and we cannot deny it. We have to own up to it.

Sir, this deficit has been occasioned by the servicing and financing of non productive activity by the financing of wages and salaries. Also the not well advised method of putting priority where priority ought not be. It cannot be nice to know that when they took office in the year 2008 they inherited \$2.8 billion in foreign reserves, in 2008.

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I cannot feel pleased to know that in January 2011, notwithstanding the vigour, the efforts and the enthusiasm of the Honourable Member for St. Michael South Central that our foreign reserves for January, tourist season, yea, tourist season, yea, actually fell in January. This side cannot, for the sake of the people of Barbados, withhold these startling facts from the people who sent all of us here. We cannot go into denial about the grim realities facing the economy of Barbados so let us own up to our problems and do something about them.

Let us hear, I am sure the Honourable Member for St. Philip West, a no nonsense man, Sir, as has been proven more than once, has to speak in this debate. Let us hear about this administration's plan for the sugar cane industry. The Honourable Member for St. Lucy said more or less, well production has not fallen, acreage has not fallen, seems as though, and he left the question hanging. We need to know what we will do, not just about the sugar industry but the sugar cane industry. The cane itself has been said to be a wonderful plan. The Cubans have done miracles with the sugar cane plant. They are a friendly country, and they will help you. They have even produced something called PPG, an anti cholesterol, Sir, out of sugar cane successfully that cuts cholesterol as well as lipitor or crestor and things like that.

The Honourable Member for St. Lucy should know the name PPG, in the event, Sir, that it is necessary for a prescription to be written, which prescription will be gladly written by the Honourable Member for St. Philip West, even if the neighbour separated from him by another Honourable Member is not so willing to do.

Asides.

Mr. R.E. EASTMOND: Sir, as I come home and the rain is not falling in St. James, certainly not as I heard from last reports, I will get home.

Asides.

Mr. R.E. EASTMOND: Sir, we need, as far as agriculture is concerned, to so renew and revive our extension services as to lift the morale among our local farmers. All local farmers producing food are doing better than the traditional farmers producing cane and we need to encourage them, we need to protect them, we need to give them the technical support they need. As I said here before, Sir, we need to develop floriculture in a situation where Barbados' good name has been enriched repeatedly every year in England by our performance at the Chelsea Flower Show. We need to look at what constraining factors prevent people from growing more flowers in a situation where the demand for tropical flowers in Europe in particular is tremendous. We need to identify the factors that prevent people from going into green houses. We need to identify

the threats that stop people from developing hydroponics. We need, Sir, to consider the existence of our exclusive economic zone to the east of the country, Sir, and prevent interlopers and pirates from as far away as Korea and Japan from trespassing, encroaching on our waters and taking the best of our fish back there. We need therefore to encourage a fishing industry that is forward looking.

The days of fishing in a moses would be the days for fishing for fun but if we are fishing not for fun or frolic but fishing for profit, we are going to have, Sir, to find ways of exploiting our economic zone to the east of the country.

Mr. SPEAKER: Honourable Member, you have five more minutes.

Mr. R.E. EASTMOND: Thank you, very much, Sir.

We need also to bear in mind, Sir, that as more businesses in the commercial sector, with the exception of the rum industry, report failure for the last financial year, we need to try to calculate to minimum cost how to inspire our traditional businesses to become more profitable and more productive. I will not necessarily be blaming the Government for the failure of certain enterprises to recall profit or for their failure and their actual record of losses, but remember that at the end of the day, when businesses are not doing well, the business environment is going to be focussed on.

Who is ultimately answerable? Boy, we politicians have to answer a lot. For if the business environment is perceived to be doing badly, if the business environment is seen not to encourage new investment or not to encourage more opportunities, ultimately people would blame the Government so the Government has to find ways of suasion. The Honourable Member for St. George South could be agreed with on the question of tripartite consultation. She means well, Sir, a lot of what she says as Minister of Labour are by no means unfamiliar to me, a lot of what she spoken on Television, I myself would have said in exact words some years ago. Sir, therefore, I have to support her on some matters as I am want to support, truth, justice and equity.

Sir, if you are going to move to a situation of truth, justice and equity, you need to maximise the opportunities for our people and we need, as I said in November, to look for new opportunities. There are Honourable Members in here who are interested, Sir, in seeing the growth and development of intellectual property and all that flows from intellectual property. There are Honourable Members in here who might be underwritten sufficiently not to be heard when they speak about copyright and there is a potential of the arts, not only at an economic sub sector but as a potential earner of foreign exchange. We need to diversity, we need to intensify our efforts in tourism, we need a fully

integrated tourism plan and we need to encourage all Barbadians to go and in that regard I am going to support the Honourable Member for Christ Church East Central's efforts at genuine human resource development.

There is a publication in circulation, Honourable Members. Do not just receive your envelopes and leave them closed. There is a publication in circulation pointing to human resource development and in that regard, Sir, we of this great Barbados with proud traditions, high levels of expectations, Sir, if we can enrich our human resources to the point where they ought to go, we can also earn substantial amounts of foreign exchange, through the sale of professional services beyond our shores and in places where Europeans, Latin Americans and North Americans are grasping money for themselves that rich money ought rightfully to belong to a Caribbean country, namely this lovely motherland, this lovely patriot called, Barbados. I thank you, Sir.

Mr. SPEAKER: The Honourable Member for Christ Church West Central.

Hon. S.A. LASHLEY: Thank you very much, Mr. Speaker. I rise in this debate to support the Estimates of Revenue and Expenditure delivered in my opinion, Mr. Speaker, so eloquently by the Minister of Finance and I would like to congratulate him for a very concise and comprehensive dialogue and discourse, which I believe, most Barbadians understood very clearly.

Mr. Speaker, the last speaker who spoke, the Honourable Member for St. James North delivered of himself a discourse that I believe that he himself is unfamiliar with, and one did not connect in any remote way to the discussion and dialogue which is before this House. I believe, Mr. Speaker, that had he been present when the Right Honourable Member for St. Peter was speaking, he would have had a completely different approach.

Mr. R.E. EASTMOND: Mr. Speaker, on a point of order. I was here when the Right Honourable Member for St. Peter was speaking and also, Sir, I was very familiar with what he was saying as well. In the cut and thrust of debate, I expect Honourable Members to throw punches in the same way, Sir, that I myself may have thrown some but he will not be connecting whereas I believe I connected, Sir. Thank you.

Asides.

Hon. S.A. LASHLEY: It is certain to me that as the Honourable Member leaves the Chamber that though he was present, he certainly did not pay attention to what the Right Honourable Member for St. Peter was saying. The Honourable Member made a number of false assumptions and I would like very quickly to correct them. One being

that he urged the Government to own up to its problems and he referred to the deficit. Indeed, he said that we were looking at a number of issues which, to my mind, he did not expand on, to the House.

Mr. Speaker, one inaccuracy was that we were servicing a debt in a manner that was not linked to productive activity, and he sought to lay blame on this Government for the current debt situation facing Barbados. I would like, Mr. Speaker, without going into extensive treaties on this matter, to very quickly dispel the myth that we have had any kind of reckless approach to debt in this country.

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I would like, Mr. Speaker, to encourage persons who are listening to this debate, many of whom would surf the internet, to go on the internet and look at the country's Reports from the International Monetary Fund dating back from 1994, when the last Government came to office, right up to 2008 when this Government would have taken the reins of Government. Mr. Speaker, in each of those reports, it is pellucidly clear that the debt issue, which we are now trying to grapple with in Barbados, has a long history. Sir, most of that history is under the Barbados Labour Party Administration of the time. Each and every Report refers to a reluctance, I am not using the words of the International Monetary Fund, this is my own interpretation, by the Barbados Labour Party Administration Government to restructure this economy. There has always been a tendency on the part of the Barbados Labour Party to run a large fiscal deficit and indeed to ensure that the national debt continues to increase.

I would like, Mr. Speaker, without going into too much detail because I have so much to say in relation to the positive approaches which we have been adopting and indeed I want to connect to some of the issues, which I believe Barbadians would like to listen to rather than the issues of debt and growth to GDP and so on which, though very relevant, which I believe are issues that tend to project the true nature of how this Government has been functioning... I want to go very quickly, Mr. Speaker, to the year 2008, when in January we would have been asked by the people to form the Government of this country. Mr. Speaker, even in 2008, the International Monetary Fund country Report painted a picture of a large national debt, which through those years, 1994-2008, was always going to be unsustainable.

Mr. Speaker, in 2008, when this Government took control of the realms of Government and outlined a series of measures aimed at stabilising the economy in the face of an international recession, this is what the International Monetary Fund had to say about an unsustaining fiscal situation, which we were faced with in Barbados. Mr.

Speaker, I wish to quote from that 2008 country Report, which says that notwithstanding a number of commitments, the current policies are unlikely to reverse the rising trend in the overall public debt ratio over the medium term. Mr. Speaker, those commitments related to the Government saying quite clearly to the International Monetary Fund that it would take certain measures to ensure that our viability as a country both in terms of the fiscal position and the debt position was protected. At that time, Mr. Speaker, the total public debt in this country rose to 95 per cent of GDP, which meant that any approach that we took had to first address its mind to the whole question of how we were going to manage such an unsustainable fiscal deficit position and an out of control public debt, which was left to us to deal with.

Mr. Speaker, we have not resiled from that. The Honourable Minister of Finance in his contribution in this debate spoke for the first time to a very concise and deliberate debt management plan which is now being put in place in the Ministry of Finance for the first time which looks to a system of prudent control of public finances while not in any way doing harm or injury to the need to have a social protection safety net to ensure that Barbadians can continue to have access to those vital services which they continue to enjoy.

I want, Mr. Speaker, to look very quickly at how these programmes outlined by the Minister of Finance actually connect with some of the bread and butter issues of Barbadians, more in particular, how they connect and link into the Ministry of Family, Culture, Sports and Youth. Sir, I believe that Barbadians, from my discourse with them, would rather hear in these debates some of the tangible issues that connect with their daily lives. I believe that in putting the introduction and the details to the way in which this Government has approached its fiscal and financial planning that we have remained true to a number of the programmes which are designed to ensure the continued development of Barbados.

Mr. Speaker, I want to refer to some within the Ministry of Family, Culture, Sports and Youth because many of these programmes were designed to ensure that Barbadians continue to have decent work and that our young people continue to be focussed in terms of meaningful activity. In relation to our youth development programme, we have continued our youth mainstreaming programme designed to look at those young people who are disengaged and bring them back into the mainstream of productive activity. In so doing, many young people across Barbados can actually attest to the fact that they have been able to retool and to become skilled in many areas of endeavour by which they could sustain themselves and in the process create that kind of safety net for their families.

We have also been encouraging entrepreneurship because our programme in relation to the Youth Entrepreneurial Scheme - only recently I attended the graduation, which was held on Saturday - continues to target our young people, many of whom have had a dream to own their own business. Mr. Speaker, because of the kind of financial provisioning which would continue to be provided in these Estimates, we are able to continue to mould that programme so that our young people can have the opportunity of owning their own businesses. These are programmes, Mr. Speaker, which we are targeting in terms of financial allocations.

Mr. Speaker, I am happy therefore when the Honourable Minister of Finance can indicate that even in these Estimates, we would be providing \$1.5 million to support our small businesses. Mr. Speaker, when you see the focus in relation to these measures, you cannot then determine that we have thrown our hands in the air and that we failed to connect with the issue of growth. We can only grow our economy going forward by ensuring that our entrepreneurs are protected and are given the kind of financial backing to enable them to proceed.

Again, Mr. Speaker, we continue to provide financing in the Estimates, I believe that figure is some \$5.5 million, for one of our revolutionary programmes, the National Camp Programme, which has been vilified by the Barbados Labour Party Administration, which continues to target our young people during the very vulnerable summer period in particular to ensure that they are trained. This financial year we would be doing even doing more in our National Camp Programme to ensure that some of the same issues that we complain about and that our society is complaining about in relation to deviants and other activities among our youth can be targeted within the context of our Summer Camp Programme. These programmes, Mr. Speaker, continue to receive the acclaim and the praise from Barbadians, particularly our parents, who continue to feel that level of support during the summer period.

Mr. Speaker, I would just like to make a correction because I believe that somewhere in the media there was a comment about the fact that we are not having Easter camps.

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Mr. Speaker, last year nor the year before we did not have Easter camps but we have found in that very tight two-week period that having an Easter camp does not attract the numbers that you would normally have. Sir, in terms of the allocation of schools for these camps, we believe that it disrupts the school lessons programme for the Common Entrance Examination. Mr. Speaker, we believe that in getting the school back off, after that Easter

period, that period could best be used in terms of those persons doing Easter camps and also for that kind of reengagement to ensure that our students are prepared for the 11-plus examinations. Therefore, we are focusing our attention on the summer camp programme and the kind of layout in that programme will continue this year as well.

Mr. Speaker, we continue to expand our programme in terms of sports. You would have heard Minister of Finance indicating that we have provided an amount of \$2.2 million to ensure that the track at the National Stadium is lit. Mr. Speaker, I believe that even in difficult economic situations, that is a clear indication of Government remaining very focused in relation to preparing our athletes for the Olympic games in London and ensuring that in that preparation, particularly also for the world games, that we can continue to prove and to support our emerging athletes in their quest for excellence.

Mr. Speaker, the programme continues. Within the area of culture we continue to be very dynamic in that area and certainly our projects in relation to culture continue. Mr. Speaker, for example, we have continued to push ahead our UNESCO designation of Bridgetown and Garrison in relation to that heritage designation where, once we receive that, Barbados in terms of its heritage tourism and offerings as a unique destination for heritage will be second-to-none. That can only auger well to enhancing our attractiveness as a heritage tourism destination. I am pleased to say that project continues to be focused. We did a tour of Bridgetown only recently, the Honourable Prime Minister was there and we ourselves were so enthused by the kind of rich history which Bridgetown has to offer.

Mr. Speaker, I can say that given the work which is being pursued within the Ministry of Family, Culture, Sports and Youth, particularly the culture section that I remain extremely optimistic that we will get that designation some time in June and indeed the hard work which some many people are putting in place will be rewarded.

Mr. Speaker, the Queens Park Steel Shed has been completed. Indeed, we will continue to improve on that, to ensure that it can be made available for artistic expression. We also have the Freedom Village, Arch Hall. I believe I did hear some concern about how that is going but that project continues, the shop will be built and I am sure that the Honourable Member for St. Thomas will be very happy when the Honourable Member gets a full update on that. Mr. Speaker, I do hope that in her exuberance the Honourable Member for St. Thomas...

Asides.

Miss C. Y. FORDE: Mr. Speaker, unless I am a blind woman, I was in Rock Hall on Saturday... Sir, nothing has happened in Rock Hall for the last four years. Unfortunately, money was voted for in the Estimates last March. It was \$750 000 that was voted for and not even \$7.50 was spent on the Rock Hall Freedom Village, either last year of the year before.

Mr. Speaker, it might be Rock Hall, St. Philip but certainly not Rock Hall, St. Thomas.

Asides.

Hon. S. A. LASHLEY: Mr. Speaker, the Honourable Member has admitted that nothing has happened over the past four years. Sir, I think that is an admission that they had done nothing in relation to that Freedom Village. Mr. Speaker, I am saying here that provision will be made, the Ministry is working hard to ensure that those shops can be erected and when the Honourable Member sees them erected, perhaps then the Honourable Member will reconnect with reality.

Mr. Speaker, we are looking very closely at the restoration of the Empire Theatre. We are looking at various ways in which we could work with corporate Barbados to ensure that the Empire Theatre can be restored. These are practical projects being pursued at a time when we are faced with a global recession, where we recognize that these projects are important to the continuous viability of our people.

Mr. Speaker, our HIV/AIDS programme continues, a lot of attention is being focused on behavioral change and we would have had a recent HIV/AIDS promotion dealing with that. We are accelerating that programme over the coming months to ensure we can reach our vulnerable populations, our young people and particularly those persons who are prone. We continue to see them as high-risk persons.

Mr. Speaker, this financial year we will focus a lot of attention on our Child Care Board, to ensure that we can do more in relation to our Day Care facilities. They are embarking on a project to see how we could expand some of our Day Care facilities across the island. Of course, we know that with limited resources we have to phase that project but we recognised that we need to do more in terms of the expansion of those facilities and the Child Care Board has been very hard at work in doing that.

Mr. Speaker, the area of the cultural industries, we expect we will make additional progress with the draft legislation. Sir, pursuing the agenda of the cultural industries is key to ensuring that we can start generating new job opportunities for Barbadians. I am very excited about that, we have started new dialogue with the Chief

Parliamentary Council and the Office of the Attorney-General, to ensure that we can have this legislation brought before this House very shortly.

Mr. Speaker, youth development is extremely important for us. We would have spoken before about the progress being made to develop the National Youth Policy and I want to take this opportunity to say that we have already prepared a draft National Youth Policy. Mr. Speaker, that is a tremendous achievement. Sir, within the Estimate we have made provision to ensure that we can deal with those preliminary aspects of ensuring that once we have perfected the final policy, we can do the work necessary to ensure that we can start the implementation of that national youth policy.

Mr. Speaker, I want to take this opportunity to commend those brilliant young people who have been working extremely hard within the National Youth Forum. As you know that Youth Forum was put in place last year, much to the disdain of some Opposition Members, who were saying that we having parties. Mr. Speaker, we were putting in place a vital system for our young people to start the process of networking. These young people have spent a lot of time and have put their energies to ensuring that we can have this draft national youth policy.

Mr. Speaker, I wish to commend them because oftentimes we do not commend our young people. We have young people in this country who are focussed, they are sufficiently enthused and they are determined to make a difference. They also recognised that this Government is committed to their well-being and that we will ensure that in the not too distant future that national youth policy is brought to this Honourable House, to give effect to so many of the dreams of our young people.

7.55 p.m.

Mr. Speaker, I want to also touch very quickly on the Barbados Youth Service. Sir, the Barbados Youth Service continues to provide a valuable service to our young people and over the years we have seen the development of that programme. We feel, Mr. Speaker, that the time is ripe to take this programme to the next level and we have started the vital work looking at how we can decentralise the programme.

Ultimately, Mr. Speaker, the aim is to look towards a full-fledge National Youth Service and, certainly, we will be making some headway in that direction. What I can say to you, Mr. Speaker, is that the programme continues to work and that it is vital to ensuring that our young people can focus their attention on activities that are meaningful to their growth and development.

Mr. Speaker, in the area of family, the Family Division continues to focus on the vital area of parenting and we have been very successful in our parenting programme. We have had the Trainers Programme where we now have parents who have been trained to deliver parenting programmes. Sir, while we have been talking, there has been a lot of discussion in terms of the issue pertaining to our families, what is happening in our families and the kinds of challenges facing the Family Division, which I would want to applaud which has been working very steadfastly to ensuring that we can have programmes that would provide those vital skills to our families.

Mr. Speaker, the division is also working along with the Minister of Home Affairs at that vital area of how we can find alternative interventionist strategies within our communities to move our people from areas of deviance and crime and to help them to find new areas of endeavour.

Sir, that programme is extremely crucial in our communities to ensure that not only our young people but our people, generally, can be given alternatives in relation to how they can deal with issues at the community level. Mr. Speaker, it is based on finding areas of endeavours whether these be small businesses or cultural activities. Sir, we are looking at a very interesting programme where we can use the arts and drama at the community level and to look towards repositioning our young people, in particular, to finding new areas of endeavour right in the community and, of course, to become much more occupied and involved.

Mr. Speaker, these are serious social programmes which are buttressed by the kind of vision set out in these Estimates. Sir, in putting this before Barbadians, we recognise that there are vulnerabilities that we have to tackle, that we would not allow the lack of provisioning of resources to stop us from tackling these problems because we recognise while the other side has been talking a lot about fiscal deficit and so on that, all along, as we ride through this economic recession, that we would had to grow a larger than usual fiscal deficit to ensure that we can have a society once this recession is over. Sir, that is the important point.

Mr. Speaker, while we are talking about that, we have always recognised that we have to put in place these programme to ensure that once we are out of this global recession we have a society. Sir, we have young people and we have families that are thriving, that are refreshed and reinvigorated to take our country forward.

Mr. Speaker, I have to also mention the church in my capacity as Minister of Ecclesiastical Affairs because we are focused and, Sir, recently I have had some discussions with the President of the Evangelical Association and I intend to

have some discussions very soon, Mr. Speaker, with the church community to ensure that we can meet, very soon, in a summit of church leaders in Barbados to caucus on not only matters of spirituality but how we can work with the church to look at how we can look further at social provisioning. Sir, tackling social issues is one that we believe that we cannot tackle alone, as a Government. We have want to sit down, and we want to sit down with the church leaders in Barbados to ensure that we can tackle these issue holistically and together, as a people.

Mr. SPEAKER: Honourable Member, you have five more minutes in which to conclude.

Hon. S. A. LASHLEY: Thank you, Mr. Speaker. Sir, this is the vision and I think I would want to say that this is what we are about, as a Government. We are about ensuring that we can have caucuses, we have audiences and we can have discussions with all of the various sectors and interest groups in Barbados aimed at building our social strata and building our social programme so, Sir, I very much look forward to that.

Mr. Speaker, one of the things that we want to do within the Ministry as well in addition to all of the programme that I have mentioned...

Asides.

Hon. S. A. LASHLEY: Sir, one of the things that we are very anxious is to meet with, particularly, our scouts movement, our girls' guides movement and our pathfinders, who are doing excellent work. Sir, many of the young people involved in scouting, in the girl guides, our pathfinders and so on are doing a lot of voluntary work which has been crucial to ensuring that our youth groups and the dynamics that make up our young people at the community level can continue to work efficiently. Sir, this is the kind of quite work which we want to support, we want to add our voice to it and very soon, Mr. Speaker, I hope to be able to speak very definitely about that kind of discussion which will happen with the scouting movement, with the girl guides and with the pathfinders to ensure that we can work together on community-oriented programmes to buttress what we are doing in terms of the wider issues.

Mr. Speaker, I wanted to give that discourse because I believe that it is important for Barbadians to understand the whole concept of why we have had to look at a fiscal deficit which, yes, has been one which has grown but one which has grown because we have had to focus on protecting the social fabric of Barbados.

Mr. Speaker, we are, indeed, very focus on having a proactive approach to the issues that affect us and, notwithstanding the challenges that we face, we have moved very steadfastly in ensuring that all of the areas, the

safety nets in Barbados are continued to be protected. Sir, that is the context in which we can discuss the fiscal deficit. Mr. Speaker, it is not a question of saying that we need to somehow own up to issues that really and truly have been at the forefront of the challenges which have remained since 1994, and they were never tackled.

Mr. Speaker, you will notice that we have adopted an approach in remaining very careful. I heard the Minister of Finance saying that the hallmark of these Estimates has been influenced by prudence in our financial planning, have been influenced by showing that our various Government departments can function in a nimble manner, can function more efficiently and effectively but can function by prioritising where we are going. Sir, that is what we have been doing in all the departments under this Ministry and, indeed, all of the departments in the Government. We have been saying that we are going to forge ahead but we are going to do in an efficient manner and in a manner that connects with the people of Barbados. Therefore, we have cast these Estimates of Revenue and Expenditure in a way that each and every Barbadian can understand that we are focused not only on the schematics of fiscal jargon but that we are focused and we will remain committed to ensuring that we can grow a Barbados that is buttressed on prudence, caring and also an environment in which each and every Barbadian can feel that they have a stake in the future development of our country.

Mr. Speaker, I am obliged to you.

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Mr. SPEAKER: The Honourable Member for Christ Church South.

SUSPENSION

Hon. J.D.E. BOYCE: Mr. Speaker, I beg to move that this House be suspended until Tuesday, March 15, 2011, at 10.00 a.m

Hon. R.D. JONES: I beg to second that, Sir.

The question that the Sitting be suspended until Tuesday, March 15, 2011, at 10.00 a.m., was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.

8.08 p.m.

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SPEAKERS IN THIS ISSUE

ARTHUR, Rt. Hon. O. S. (St. Peter)
BOYCE, Hon. J.D.E. (Christ Church South)
BRATHWAITE, Hon. A. D. (St. Philip South)
BYER-SUCKOO, Dr. the Hon. E.R. (St. George South)
EASTMOND, Mr. R.C. (St. James North)
FORDE, Miss C. Y. (St. Thomas)
JONES, Hon. R.D. (Christ Church East Central)
KELLMAN, Hon. D. St.E. (St. Lucy)
LASHLEY, Hon. S. A. (Christ Church West Central)
SINCKLER, Hon. C.P. (St. Michael North West)

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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 and date. The convening sentence in the source gives the date as Tuesday, March 8, 2011, but the heading and file name give Monday, March 14, 2011, which is used. Please confirm.

Q2. Masthead. The session is not stated in the source, so no session line is printed.

Q3. Order No. 6, speech of Rt. Hon. O. S. Arthur, take-slip Sequence 31. After a short interjection by the Speaker and the take-slip ‘Sequence 31’, the source continues with about 2,250 words of Mr. Arthur’s speech (on the EPA, CARICOM and the sugar industry) with no new speaker label, so the passage runs on under ‘Mr. SPEAKER’ until his next labelled speech. Printed as in the source; the speaker label should be checked.

Q4. Order No. 6, Minister’s speech on the OECD review. The speech label for one passage is the Minister’s own sentence (‘Mr. Speaker, in short, the OECD in their Phase 1 review of Barbados concluded with this’), so about 2,100 words of Hon. C. P. Sinckler’s speech carry that wording as the speaker heading. Printed as in the source.

Q5. Order No. 6, Minister’s opening. The paragraph beginning ‘Mr. Speaker, I make bold to say to this Honourable House this morning’ appears twice in succession with slight differences of wording. Both are printed as in the source.

Q6. Order No. 6, public debt. The Minister’s speech gives public debt as rising ‘from 93 per cent of GDP at the end of 2005 to a projected 214 per cent of GDP’, while elsewhere central government debt is given as 75.3 per cent of GDP. Printed as in the source.

Q7. Order No. 6, Estimates 2011-2012. The sentence ‘Trade of expenditure of \$3 516.9 million consist of current revenue of \$3 382 million and capital expenditure of \$134.9 million’ appears garbled. Printed as in the source.

Q8. Papers. The Minister says ‘I am commanded to lay the following:’ but no papers are listed; a stray line reading ‘2009.’ also follows the Speaker’s opening words. Printed as in the source.

Q9. Speech labels. Mr. Arthur is labelled ‘Rt. Hon. O.A. ARTHUR’ in three speeches and Mr. Eastmond ‘Mr. R.E. EASTMOND’ and ‘R.C. EASTMOND’ in several, against ‘O. S. ARTHUR’ and ‘R. C. EASTMOND’ elsewhere. Printed as in the source.

Q10. End of record. The Speaker calls the Member for Christ Church South, but the next item is the motion to suspend the Sitting until Tuesday, March 15, 2011; no speech by that Member follows. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met on Monday, 14th March, 2011 at 10.10 a.m., with His Honour Michael A. Carrington, the Speaker, presiding; prayers were taken by Reverend Canon Ivan Harewood. The Minutes were deferred as they had not been received, and Standing Orders were suspended for the rest of the Sitting on the motion of Hon. J. D. E. Boyce. The day was given to Order No. 6, the second reading of the Appropriation Bill 2011.

The Minister of Finance, Hon. C. P. Sinckler, Member for St. Michael North West, moved the second reading under sections 108 and 109 of the Constitution. He described the effects of the global recession, the OECD Phase 1 review recommending that Barbados not move to Phase 2 until it improved its legal and regulatory framework, and provisional figures showing growth of 0.3 per cent in 2010 after a decline of 4.7 per cent, with long-stay arrivals up 2.6 per cent. He projected a deficit of \$584.3 million on a cash basis, 6.8 per cent of GDP, down from 7.8 per cent, and a negative net operating balance of \$707.4 million on an accrual basis, and gave allocations such as \$92.3 million for the Barbados Tourism Authority and \$22.1 million in grant funding.

After the luncheon suspension the Rt. Hon. O. S. Arthur, Member for St. Peter, said the Minister had been dealt the most difficult hand, but argued that the Government had borrowed \$1 466 000 000 in the year to 31st March, 2011 while investing only about \$140 million in productive capacity, had let the payroll grow by 19 per cent, and had brought supplementaries of \$60 million for the University of the West Indies on top of \$75 million. He pressed the Government on the EPA, noting import duties slated to rise from \$191 million to \$216 million, and on the future of the sugar industry. Mr. Sinckler rose on a point of order over the Central Bank’s growth projections, which the Speaker said he could not rule on.

After a further suspension until 6.00 p.m., Hon. D. St.E. Kellman, Member for St. Lucy, supported the Minister, recalling that the Barbados Labour Party had cut the University vote from \$60 million to \$57 million and that CLICO's problems went back to 2004. Hon. Dr. E. R. Byer-Suckoo, Member for St. George South, spoke of the plight of the unemployed and of programmes of the Ministry of Labour and the National Employment Bureau.

Mr. R. C. Eastmond, Member for St. James North, replied to the Government speakers, spoke on the Post Office and agriculture, and argued that the deficit had been

caused by financing non-productive activity; Mr. Kellman rose twice on points of order. Hon. S. A. Lashley, Member for Christ Church West Central, supported the Estimates and spoke on the Rock Hall Freedom Village, after Miss C. Y. Forde said that of \$750 000 voted nothing had been spent, and on the Empire Theatre and the National Youth Forum.

On the motion of Mr. Boyce, seconded by Hon. R. D. Jones, the Sitting was suspended until Tuesday, 15th March, 2011 at 10.00 a.m., with the debate on the Appropriation Bill to continue.