THE

House of Assembly Debates

(UNOFFICIAL REPORT)

FIRST SESSION 2013 – 2018

HOUSE OF ASSEMBLY

Friday, August 28, 2015

Pursuant to the adjournment, the House of Assembly met at 10.00 a.m. on Friday, August 28, 2015.

PRESENT

The full list of Members present is to be inserted from the Votes and Proceedings. Members identified from the record of this Sitting:

His Honour M. A. CARRINGTON, Q.C. (Speaker)
Her Honour Mrs. M-J. M. THOMPSON (Deputy Speaker)
Rt. Hon. F. J. STUART, Q.C. (Prime Minister, Minister of National Security, the Public Service and Urban Development)
Miss S. J. O. BRADSHAW
Hon. Miss M. A. MOTTLEY, Q.C. (Leader of the Opposition)
Hon. C. P. SINCKLER (Minister of Finance and Economic Affairs)
Dr. M. M. AGARD
Hon. J. D. E. BOYCE (Minister of Health) (Leader of the House)
Hon. R. D. JONES (Minister of Education, Science, Technology and Innovation)
Hon. A. D. BRATHWAITE, Q.C. (Attorney General and Minister of Home Affairs)
Mr. G. A. CLARKE, J.P.
Miss C. Y. FORDE, J.P.
Hon. D. O'N. INNISS (Minister of Industry, International Business, Commerce and Small Business Development)
Mr. K. D. SYMMONDS
Rt. Hon. O. S. ARTHUR
Prayers were read.

MINUTES

Mr. SPEAKER: Good morning, Honourable Members. This House is now in session. Members, I have with me the minutes of the meeting held on Tuesday, August 11, 2015.

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that the minutes referred to be taken as read.

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

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. J. D. E. BOYCE: I beg to move the suspension of Standing Orders Nos. 6, 16, 18, 20, 42, 43 and 44 for the remainder of today's sitting.

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

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

GOVERNMENT BUSINESS

ORDER NO. 17 – INCOME TAX AMENDMENT BILL, 2015

Mr. SPEAKER: Yes, Honourable Member.

Hon. D. O'N. INNISS: Mr. Speaker, this matter before the House today - the amendment to the Income Tax Act - is designed principally to allow Barbados, and in particular the competent authority for tax matters, the Barbados Revenue Authority, to be in a position in law to collect, archive, retrieve and share information on appropriate taxpayers, both at the individual and corporate

level, with similar competent authorities in other jurisdictions. It has been driven, quite frankly, by our decision as a government to sign on to the Foreign Account Tax Compliance Act Intergovernmental Agreement between Barbados and the United States of America.

Mr. Speaker, I dare say at the outset that we have to realise that the world is making a paradigm shift in respect of gathering information on taxpayers around the world. So it is not just the United States of America, even though we would admit here that it has been pivoted by and driven by that Act of the US Congress that was passed back in 2010.

In a little historical reflection on matters regarding international tax compliance, tax evasion and tax avoidance - over the years, certainly over the last three decades or more, the United States in particular has been using information gathered from financial institutions to track, first and foremost, those who are involved in illicit drug trade. I think those of us who follow these issues will recall the days when you had the cartels and there was a need to collect information on where the cartel money was going and how it was being used - how they were taking monies gained from illicit activities, laundering it, cleaning it up basically, and letting it be funnelled into seemingly legitimate activities.

And of course we have marched throughout time to the point where now a lot of what is being collected in terms of information in respect of financial transactions across borders is really being focused on activities that support terrorist activities. So there is nothing new in principle in respect of attempts by sovereign states to gather information about activities that flow through their financial institutions or their financial systems in a manner to gather information regarding illicit activities. As I said initially about drugs, today it is about financing ISIS and financing other terrorist groups in the world. And while sovereign states may not specifically mention that as the ultimate aim, we all accept that that is the case. In respect of the United States, their focus is certainly on collecting information on US taxpayers who engage in financial activities outside of the US territorial borders.

The debate certainly took place in Congress with a heavy focus on pursuing those who they believed were tax cheats - those who were evading the US tax system, hence storing and shoring monies abroad.

Mr. Speaker, as we all rightfully know, there is nothing wrong, legally or otherwise, with tax avoidance. Tax avoidance, as a matter of fact, is something that most countries do in one form or another encourage. But we all accept that tax evasion is another matter. And states would often have to find ways in which they would first identify any loopholes that may lead to the evasion of taxes, secondly to stop those loopholes, and to ensure that across the system those who are obligated to pay taxes do so. And whilst there has been a lot of outcry about the US Government's actions, the reality is that in principle the Barbados Government has not taken any different view, in the sense that having identified who in law is a taxpayer, the onus is on that individual or entity to pay their fair share of taxes according to law. And where they do not do that, there are requisite penalties and requisite enforcement systems in place to ensure that those taxes are paid - which of course, as I said, is fundamentally different from tax avoidance. If I get certain concessions on the tax code, well then that is my advantage and therefore I avoid paying what otherwise would be a higher tax rate.

So the US Congress, of course, in 2010 enacted the Foreign Account Tax Compliance Act to target non-compliance by US taxpayers holding foreign accounts in foreign jurisdictions. That Act, Mr. Speaker, requires financial institutions outside of the United States to automatically exchange information about US customers of their financial institutions to US tax authorities - in this case, that tax authority being the Internal Revenue Service, the IRS. It also requires enhanced financial due diligence standards and, of course, there are penalties for failure to meet those reporting requirements - you will find that you can be taxed as high as 30 per cent withholding on US source income.

Mr. Speaker, we in Barbados did engage the United States Government on this over an extended period of time. And I have said in the past that I thank those public officers and members of the international and domestic banking fraternity and other members of the private sector who partnered with the Government of Barbados to engage in very robust discussions with the United States of America over the Intergovernmental Agreement.

Now, the Intergovernmental Agreement that has been offered basically comes in two models - one which is reciprocal and one which pretty much can be deemed to be non-reciprocal. Barbados opted to sign on to a Model 1 IGA, which is reciprocal in nature, meaning that the US Government is obligated to share information on Barbadian taxpayers who hold assets in the United States of America. Of course, one can deliberate over the US Government's authority or ability to reciprocate, but we have signed the Model 1 IGA.

But of course, long before the Barbados Government would have signed that agreement, the banks in Barbados and other financial institutions were already -

Mr. SPEAKER: Sorry to interrupt you. I just need to go and do the matter quickly. Just give me a minute please.

Madam DEPUTY SPEAKER: Yes, Honourable Member for St. James South.

Hon. D. O'N. INNISS: Yes, Madam Deputy Speaker.

As I say, the march towards the signing of the Intergovernmental Agreement between the United States of America and Barbados would have included far-reaching consultations in the domestic arena, whereby the competent authority in Barbados and certainly my Ministry would have sat with financial institutions here to discuss what FATCA was about, what are the implications of signing on, what are the implications of not signing on, as well as all of the due diligence and all of the reporting mechanisms that are necessary to really get it into force - so that by the time we signed it, we had done quite a lot of work on it.

I need to say, Madam Deputy Speaker, up front, that the financial institutions involved in this are not just the commercial banks, because whenever this is mentioned people talk about the banks collecting information. We are really speaking here to assets that - if you are residing outside the United States of America - may have a value of US$200 000, or if you are residing in the United States and have assets outside of the US, assets of a value of over US$50 000. And those assets can be held in any financial institution. So it is not just a commercial bank. You may have them in a credit union, you may have them in an insurance policy, you may have them in stocks and bonds. Whatever is deemed to be an instrument that - in financial terms - can be cashed in a rather short time would be deemed to be an asset that will be valued and reported to the competent authority in the jurisdiction, in this case the Barbados Revenue Authority, and then shared with the IRS.

And that is important because there are still some who believe that if you take your money out of the commercial bank or move your assets and lodge them elsewhere, you therefore go off the radar and are not subject to the Foreign Account Tax Compliance Act and the Intergovernmental Agreement with the United States. And that is not the case.

So we would have certainly been advised by the financial institutions in Barbados that they would have started their work in becoming FATCA compliant. As I said, we are fortunate here in Barbados at this point in our development that most of our banks are foreign owned. And I say that in this particular situation because, being Canadian owned in particular, their headquarters institutions back in Canada would have been very much involved in seeking to become FATCA compliant at a very early stage. So it is not just the competent authority in the jurisdiction - like the BRA in her case - to be able to collect information. It is for the individual -

financial institutions to also be able to register with the IRS in the United States of America so that they are able to get the appropriate code number and to have their transactions tracked appropriately. And also when reporting is being done, it makes it easier to know that they are there. But the issue of compliance, of course, always looms very large in matters such as these. And that is why, recognising the tremendous costs to become FATCA compliant, we are fortunate our banks here would have had the benefit of their larger parent company to help them become FATCA compliant. So certainly I am very much aware that Canadian banks in particular, I believe all the other banks would have certainly been able to go ahead with full steam and become FATCA compliant and get their appropriate ID number from the competent authority in the United States of America.

Being FATCA compliant, though, is not just about getting a code. It is about altering your systems within your financial institutions to ensure that you are able to do the appropriate levels of due diligence on those who come before you as a financial institution to open accounts or to maintain accounts. And therefore those who are heavily involved in banking will very much be aware of the risk department's work in certainly being able to design due diligence programmes and be able to collect data and to determine what risk there is for these financial institutions. I am certain, I believe many of us on the government side would have received calls and concerns about FATCA and about this disclosure of information, et cetera.

What is very instructive for us as a country and certainly as a government is the fact that our banks in Barbados are generally speaking not rogue banks, our financial institutions are not rogue institutions. We actually came into this with a well regulated financial institution system ably led by our central bank, including of course the Financial Services Commission, all of those other entities that have some level of responsibility for bank supervision, for regulation within our domestic space. So the fact that Barbados had that solid foundation certainly would have made it a lot easier for us to appreciate what was needed to be done to become FATCA compliant or to become compliant for the purpose of automatic exchange of information across borders with sovereign states.

But a lot of what we do not see up front, but what goes on behind the scenes, are the number of changes that have to be made to the information technology infrastructure within financial institutions, the volume of work that has to be done on the legal side to ensure that the appropriate disclaimers are done or the appropriate legal documents are prepared to be signed between those who are likely to fall under the de facto regime and to ensure that the financial institution is well protected in the event that something goes awry a little later on. So in respect of the compliance side, the risk analysis side, I am satisfied that the financial institutions have met the mark.

But Madam Deputy Speaker, it is not just about seeking to become FATCA compliant. It is the fact that we have decided that we have to raise the bar in terms of standards for financial transactions across borders as they are within our own borders. Because the reality about it is that whether you want to accept it or not, there is quite a bit of illicit activity taking place onshore, nearshore and far away that certainly can cause tremendous damage to fragile economies such as Barbados. And certainly we want to ensure that our reputation is safeguarded, that we as a government, that we as a country, as an economy, do not put ourselves in a position where our ability to do transactions beyond our borders is thwarted or frustrated or delayed because someone somewhere has determined that we are not compliant, or there is clear evidence that any financial institution in Barbados is being used to funnel money gained from illicit activities or to cause harm to someone or some state somewhere else.

So I do not think we can compromise on the need for us to have the highest level of integrity within our financial system here in Barbados. We do not need America to tell us that. And that is something that we have been doing. So when I hear people say that we have been very quick to respond to the U.S. and this is all U.S. led and driven by the U.S., you take that with a pinch of salt, because we have indeed been able to build up in Barbados a strong financial system because of our consistent and persistent emphasis on strong regulation of our financial institutions herein.

On that note, Madam Deputy Speaker, credit must be given to not just both governments, but those who labour within the financial institutions as regulators and have kept the Barbados interest at the vanguard of their daily work. The faces that we do not often see, but who are certainly there keeping themselves abreast of the requirements and ensuring that they stay ahead of the game. So we, Madam Deputy Speaker, would wish to start the conversation here by re-emphasising the fact that we entered into FATCA negotiations with the US Government on the basis that we have a strong financial institutional system that has withstood the test of time and one that we can be very proud of.

As a matter of fact, we believe we can teach lessons to many institutions, certainly those who follow and reflect upon the current global financial crisis that would have had its origins back in 2000. It would have occurred globally because of lapse regulation and supervision within the US financial markets. It is not that it occurred because of anything that happened in the central bank in Barbados or the central bank in Port of Spain. It was because primarily of greed and lapse supervision and regulation within the financial world on Wall Street, or rather the United States, that then funnelled itself and fuelled itself around the world. But having said that, we all accept that given the changing dynamics of global transactions, international financial transactions, it is indeed incumbent upon us as regulators, as policymakers to ensure that we do all that we can possibly do to provide the right environment for legitimate monies to flow across borders and for monies gained from illicit activities to be captured and certainly for those who are behind it to be penalised.

The other side of FATCA, which is perhaps the one that is most focused on from the US perspective, is the need for them to be able to capture information on US taxpayers who they feel may be evading taxes that are due and payable in the United States of America. And of course that is a matter that the tax attorneys and tax accountants will get into with their individual or corporate clients in terms of how to structure them under the different tax codes in the US, and so it is not for me to really deliberate on that. Plus it is not my forte. But there is a principle, as I said earlier, where sovereign states seek to collect what they can collect from their various taxpayers around the world, Madam Deputy Speaker.

So having put the structures in place in Barbados by our financial institutions to be appropriately registered with competent authorities here and there, we also needed in Barbados to ensure that our agency responsible for collecting information is adequately resourced and adequately protected in law to do what they have to do, which is why we are here today to bring this amendment to the Income Tax Act to give effect to the automatic exchange of tax information across borders. And you know, Madam Deputy Speaker, it is very important that we seek at a very early stage to disabuse our minds of any belief that the Barbados Revenue Authority will in a willy-nilly and ad hoc manner collect information on taxpayers and send it to the US Government just like that. I wish to give the public that assurance. That is not the way we do it. We are not a kangaroo country. We are not one of those flippant societies. We have rules, we have rules of engagement. We have laws that govern what we do. And I am satisfied that the Barbados Revenue Authority, being the competent authority, certainly will be protected and certainly will operate from a managerial perspective, administrative perspective, to ensure that they do not do things in a very flippant manner.

Of course the onus is on the individual financial institutions to collect the information. So as I said earlier about compliance and due diligence and risk assessment, they have to be in a position to collect that information, verify it and then at the appropriate juncture share it with the competent authority in Barbados who then will necessarily share it with the competent authority in the USA, the IRS. But Madam Deputy Speaker, let me emphasise that it is not just about the USA. The deliberations that would have taken place within the G20 nations in the last three or four years would certainly be

speaking in a very forthright and very forceful manner about the need for there to be common reporting standards on automatic exchange of tax information across the globe.

So why is the US voted out of the gate first? There are about 90 countries that have signed on to intergovernmental agreements with the United States of America today - it is really a global march. And the OECD, the G20 nations, the Europeans have certainly started to create their own model of FATCA. As a matter of fact, we certainly accept that the USA does not have the right to set standards for automatic exchange of information across the globe. They have the right to set it for them for their legitimate work. But we certainly accept that the OECD, the EU and other stakeholders have a right to set their own as well. And that is why, on the passing of FATCA, the G20 leaders, around I believe the June 9, 2013, would have met and committed to the automatic exchange of information as the new global standard. And last year, mid-February, the OECD delivered the single global standard on automatic exchange of information called the Common Reporting Standard, which had the strong support of G20 countries and certainly the support of the EU nations as well.

And that Common Reporting Standard, which some people call the gold standard - I see nothing gold about it at all - is a bit of FATCA IGAs with the intention of maximising efficiency and minimising costs as both new and experienced jurisdictions make every effort to meet the requirements for exchange of information on an automatic basis. Madam Deputy Speaker, this is instructive because the FATCA compliance work is not a cheap undertaking. I do not think sometimes when developed states come up with these proposals that they are very mindful of the costs to lesser developed economies in being able to become compliant with the new rules of engagement.

I said in our case, fortunately the US Government, the Treasury Department of the US, did make their staff available to us in Barbados as they did to every other country who wished to sign on to the IGA. The appropriate levels of training programmes were undertaken by Barbadians both in Washington at the US Treasury as well as here in Barbados to ensure we are compliant. And of course the necessary upgrades to IT infrastructure that would have taken place between financial institutions as well as our competent authority in Barbados was necessary in many instances anyhow. So we still have to make some level of investment, even if one may book the expenses directly towards the FATCA compliance programme. The reality about it may be part of a broader development thrust within the financial institutions or in our case within the Barbados Revenue Authority. But certainly what is coming down the line in terms of the automatic exchange of information driven out of the OECD and the Common Reporting Standards is really designed to make it more cost effective for challenged economies to be able to come on board and become fully compliant. And having gone through the rigours of FATCA, we certainly believe that it becomes a lot easier as we go forward towards the OECD model of automatic exchange of information.

Madam Deputy Speaker, Barbados has certainly not sat back and said we are going to dictate to others just like that. Now the reality on the other side is that given our size, there is only so much you can really do to fight. But what we have done, what the Prime Minister has insisted be done and the Cabinet is that we have gotten up and gone to the table where it matters most, allowed our voices to be heard to help shape some of the policies and some of the rules of engagement that affect cross-border transactions. And that is why our work with the Global Forum as Vice Chair is so instrumental, because we are able to have had a voice on behalf of small international financial centres around the world and certainly allow the larger ones in developed countries who may be fighting to keep the taxes at home to appreciate that their legitimate entrepreneurs have a right to go outside of their physical borders to engage in activities, and they have a right to minimise their tax liability.

And we have also always focused on the fact that international entities, such as those who reside here in Barbados and are foreign owned, are here not just because of tax purposes and treaty issues, but because there is a mechanism through which they can really grow their business. And when their businesses grow and dividends are paid from that surplus and repatriated to the state of origin, it does help in that economy itself growing. And I think this has oftentimes been missed by those in the revenue collection agencies in developed countries who have a great emphasis on aggressively pursuing corporate entities that do business outside of their borders as though they are all doing something illegal, as though they are all trying to evade taxes, as opposed to really what they are doing, which is structuring their global operations in a manner and in the domiciles that allow them to get the best return on investments. And therefore our conversations that take place within the EU and the US and wherever we go for such deliberations certainly help to drive home to them that small IFCs, small international financial centres such as domiciles like Barbados, are jurisdictions that look for legitimate entities that do active business and are certainly not in a position to encourage tax evasion.

But the world has marched forward to a place now where we have come to the point or this juncture in our development where the automatic exchange of information is becoming now the order of the day. Hitherto, you would have had to spend considerable time and resources going into courts of law and jurisdictions seeking the permission of a judge to disclose information on a particular taxpayer before the competent authority could share that information

with a foreign jurisdiction that would have been the originating request entity for the information. And recognising not just the cost, but also recognising the temporal dimension for getting that information, we have all decided that it may be better - would be better for all involved, both those of us who will be beneficiaries of such entities in our space as well as those from descending countries - for us to have a régime that makes it a lot easier to share that information across the borders.

So whether it is FATCA or whether it is the OECD Common Reporting Standard for automatic exchange of information, we are marching towards a system where we have somewhat of a level playing field in terms of the circumstances under which information is to be collected, to be archived and retrieved, to minimise having to rush or having to go to courts, which sometimes can be a very lengthy process, as I said, a very costly process, to gather information deemed necessary elsewhere.

This means, of course, that our officials in the revenue collection agency certainly here in Barbados will have to be constantly retooled and trained to ensure that they themselves are able to operate in a very professional manner, to ensure that every phone call they get or every letter they get requesting information on a taxpayer is not arbitrarily acted upon. That we have to ensure that those who are requesting the information are bona fide, that they have a legitimate right to request the information, that there is clarity as to the manner in which information can be requested, that if we are going to get it in a very electronic format that certain rules and laws in Barbados do provide for that to be done, and certainly in terms of what information we actually collect, who we collect it from, the manner in which we archive it and the manner in which it is then shared with a competent authority elsewhere. And certainly these processes, I believe, must be shared with the public so that at any day you get the level of confidence in our system at the national level that people know that we operate professionally and not in any unfettered manner where you can just be willy-nilly frustrating the lives of legitimate taxpayers just like that.

So we are satisfied that our competent authority here, the Barbados Revenue Authority, whatever challenges and issues one may speak to, is certainly in and will continue to be in a position to meet these demands. I commend the Revenue Commissioner and her staff for the recent public discourse that they held at the Lloyd Erskine Sandiford Centre with members of the legal, accounting, banking fraternity and other financial institutions to bring them up to date in terms of where we are at with FATCA compliance and the automatic exchange of tax information.

Madam Deputy Speaker, issues such as these are not instructive and important only in respect of financial institutions and their conducting themselves in a legitimate manner. It also impacts upon national economy and economic development in other ways. For example, when we are deemed not to be fully compliant by the OECD - as we are now, we are deemed to be partially compliant - that relates in our case in Barbados to us having legislative reforms in place to collect and share information across the border. And we before would have emphasised tax exchange information agreements, which are bilateral agreements between sovereign states for the collection and sharing of information on taxpayers. We certainly would have been adamant, and I am still adamant, about doing more double taxation agreements, which really are agreements for the avoidance of tax on legitimate transactions across borders and to some extent help to protect investments.

But the OECD and others now are insisting that we must have the Multilateral Convention on the Automatic Exchange of Tax Information. Because one of the reasons why Barbados at this point in time is still being deemed to be partially compliant is because there are five countries that claim to have requested information from Barbados and we are not in a position to supply it in a timely fashion. That has been a very dubious and questionable position that they have taken. But we have agreed that, look, in order to avoid such accusations being made in the future, we will have to be signing the Multilateral Convention for the automatic exchange of information. And to that extent, the Barbados Government has indeed, the Cabinet has indeed signalled formally to the OECD that Barbados will sign on to the Multilateral Convention for the Automatic Exchange of Tax Information.

We are making our valiant best efforts to see if we can get that done by October when Barbados hosts the Global Forum plenary session here as well as the Steering Committee of the Global Forum meeting in Barbados. Those meetings take place the last week in October and I was advised only two weeks ago that the OECD Global Forum proposes to have a two-day meeting on automatic exchange of tax information in Barbados just prior to starting the plenary session. So we are going to have five days of meetings in Barbados the last week in October, focusing on automatic exchange of information and traditional issues confronting the Global Forum - 125 member states across the world on international tax policy issues going forward. Madam Deputy Speaker.

So we certainly have recognised that we need to be in a position to sign on to this convention. For those who say, look, why is it we are taking all this pressure and all these licks every time from these entities and not doing anything? We are having the conversations where they matter most and we are actually helping to shape mindset. If you take for example the recent blacklisting of Barbados and 30 sovereign states by 12 EU countries, most of whom are deemed lesser developed within the EU quite frankly

and with whom many of us do not do any business at all, it is a reflection of the weakness of their own system that they are able to conjure up such a list, get the EU Commissioner's Tax Office to give it its public airing and support or recognition really, and then have 30 sovereign states, many of whom do not do business with them, find themselves going into a very defensive position.

And you know, for many Barbadians this issue will come up - oh, Barbados gets blacklisted. By the way, Madam Deputy Speaker, I think that term blacklisting speaks to a serious racism. I keep telling the Europeans all the time I am going to call it a white list. Anyhow, Madam Deputy Speaker, when that list or those lists are issued, they do cause tremendous dislocation, discomfort or harm to sovereign states because investors look at those kinds of reports to determine the jurisdiction within which they do business. And when a sovereign state like Barbados that has been doing everything it possibly can to maintain a clean reputation - we have a well regulated financial system that avoids rogue entities being around here, and if they come we are able to sift them out early - and when you do all of these things and then you have some egotistical bureaucrats in Europe who come up with a list they probably cannot even identify Barbados on the world map, then we have to spend valuable resources defending ourselves.

But all is not lost. We are able to get Spain to write and say that they apologise, pretty much, and we are deemed to be a cooperative state because they know that the list that they particularly published deemed countries to be uncooperative. And when I checked with the competent authority here in Barbados, the Barbados Revenue Authority, and the Minister of Finance, I was advised that we have not had requests from those countries. So if you have not had a request for information on one of your taxpayers who may be in Barbados, then how can you deem us to be uncooperative? You cannot be called uncooperative. I mean it is the epitome of wickedness on their part. But we are able - we would have said what we had to say initially, we would have used some muscular language to some extent - but the reality about it is that Barbados, as we are known to do, would quietly be working behind the scenes to let them be aware of any errors that they have made and to ask that we move forward in a very harmonious manner on that basis.

And that is why, Madam Deputy Speaker, we were able to get Spain to officially indicate that we are cooperative with them. We actually have a treaty in place with them. Italy would have come here, sent a special envoy here a few days ago. We would have signed a double taxation agreement with Italy. I am happy to report that yesterday in London, England, we initialled a double taxation agreement between Barbados and Cyprus. I want to thank the officers of the Revenue Authority and the National Business Unit and our consultant in London in particular, and the Ministry of Foreign Affairs and their staff there, for the outstanding work in helping us to get to that stage where we initialled that agreement. I expect that our goal is to have it signed by both parties and come into force within the current year. And these things are important, Madam Deputy Speaker, because they help to show to the world that Barbados is a serious domicile for international financial business and that we have the necessary structures in place, we have the necessary treaties in place to protect our investment and to speak to taxation issues.

We are committed to signing on to the Multilateral Convention on the Automatic Exchange of Tax Information, which will certainly help us in maintaining that reputation and certainly in respect of our ability to regulate the system. We are also very much out there with any other jurisdiction. Madam Deputy Speaker, the FATCA matter is one that we believe we are endeavouring to get fully in place by September. And that is why I think we certainly wanted to have this matter deliberated here in Parliament today, because we want to be in a position where the US or any other state cannot say that we have not been compliant, that we have not met the deadline, which is September, because I do not wish - or we as a government do not wish - to hear that any financial institution in Barbados has had monies withheld from US source income because they are deemed not to be FATCA compliant -t. All right.

Mr. SPEAKER: Yes, Honourable Member. Please continue.

Hon. D. O'N. INNISS: Yes. As I say, Mr. Speaker, I would not wish - or we would not wish - to have the deadline come and then we find that any financial institution here is subject to 30 per cent withholding on US source investment income that will be allocated to them, because that also means that it jeopardises the relationship we have with intermediary banks. For example, our ability then to send foreign exchange out of Barbados or to get foreign exchange coming in. And there are countries near and far who have found themselves in very difficult positions because they have not been able to get the appropriate intermediary banks to work with them because of reputational damage caused by some activities that would have gone through the US banking system. I know people may criticise the United States of America. They are big, they are mighty. Say whatever you may say about them. But the reality we have to face is that the US Dollar is the world's reserve currency. So until, unless we are able to have some other currency replace the US Dollar as the global reserve currency, then we really and truly have to ensure that those transactions that are done through the US banking system are done in a manner and by entities and by structures that do not cause damage to Barbados' financial

institutions and their relationship, via corresponding banks, with other banks in the US - because simply put, Mr. Speaker, that will grind us to a halt. Every day we have to send monies out of Barbados. Usually it is done in US currency and every day we have monies coming in. We are not self-sufficient; we are not an island on our own in that respect. And therefore it is very important that our policymakers, more importantly our regulators and administrators and financial institutions in Barbados, do what they have to do to safeguard the reputation of Barbados and ensure that no other sovereign state or no other financial institution is in a position to put a stop to monies going in or out of Barbados en masse and therefore jeopardising the fragility of Barbados' financial system and by extension our economy.

Mr. Speaker, there is one other point I wish to stress in respect of this amendment to the Income Tax Act. Because the main change within the Act - rather, the commonly made changes - is that it makes it an offence for a public officer or any other person employed to administer and enforce the Act to breach the duty of confidentiality imposed under section 51, increases the penalty for offences under the Act, provides for higher fines for regulations made under the Act, and of course provides for related matters. One of the barriers that we have had was to be able to bring clarity as to the role of the competent authority in Barbados for collecting, archiving and sharing information on US taxpayers or taxpayers from other jurisdictions before we have these agreements. And as we know, in particular in Barbados, there are a couple of entities here that really and truly have in law confidentiality rules of protection that really and truly would negate us being in a position to collect information on them. There would be, I guess, some trust entities, mutual funds entities, and I believe a few other entities. I know right now the law says that access to any information required must be kept confidential under the International Trust Act, Cap. 245, and the Mutual Funds Act, Cap. 320B, and one or two other pieces of legislation, which basically meant, Mr. Speaker, that financial information collected by entities operated under these pieces of legislation was to be kept confidential. And our partners outside of our jurisdiction would have argued that if your law says that this information is to be kept confidential, they are assuming it is to be kept confidential by the entity. Therefore, it means by natural extension that the Barbados Revenue Authority, being the competent authority in this case, cannot get access to that information and therefore would not be in a position to share it with foreign entities or their competent authorities in other jurisdictions. And therefore what we are doing here today is to bring clarity within the Income Tax Act to state that any such information that one may assume is to be kept confidential within any of these corporate structures as mentioned in their law, will be shared with the Barbados Revenue Authority. Because the reality about it is that we cannot sign on to these agreements for the reasons outlined prior and then come back and say, look, I am sorry, but I cannot get information on the entity under the Mutual Funds Act, under the International Trust Act, because the law that governs them says that we cannot access the information. It would really make something of a mockery of the situation.

As I said earlier, I wish to re-emphasise this over and over. This is not a case of collecting people's confidential information and then putting it out there on the website for all and sundry to see. I wish Barbadian individuals, those who are investors in Barbados, those who are thinking of coming here to Barbados - I wish on behalf of the Government to give you the assurance that any information collected by the Barbados Revenue Authority can only be shared with the legitimate competent authority in another jurisdiction under specific circumstances. And you should not therefore, for any reason, feel that any information provided to the Revenue Authority will find its way into the public domain for all and sundry to see, as that would cause irreparable damage to not only our financial institutions and all of our government institutions, but certainly to Barbados as a sovereign state. And that is not the intention of the Government. And if I may speak freely, the opposition who will support this Bill - it certainly is not the intention from the opposition perspective either.

So I just think that it is very important that we give that assurance that these commitments that we sign on to will not cause harm to anybody. Those who are engaged in illicit activities - not legitimate activities - are the ones that will have the concern. And we are generally speaking a jurisdiction that has that. But let me say this to those who may feel that disagreement is necessary on our side. You know, when monies go through the US banking system, I wish people to be very much aware that the US Government is aware of what goes through their banking system. They do not need any agreement with Barbados or any laws to be passed in Barbados for them to access that information. All of us who have been in key positions know very well and have seen relevant documents where copies of transactions that went through the US banking system from entities here and there would have certainly been picked up by the US authorities and been appropriately addressed, even without consulting with the competent authority in Barbados. But we are a sovereign state. We abide by laws that we have established for good purposes and we will continue to operate in a very legal and structured manner in respect of financial information for both private individuals and corporate citizens who opt to do business in Barbados, and for Americans or anyone who choose to reside here in Barbados and to invest here in Barbados.

So Mr. Speaker, as I close, let me just say that this amendment to the Income Tax Act is very critical for Barbados as a nation, certainly in terms of not just building

relations with foreign states but also ensuring that we are part and parcel of a global movement towards getting a greater level of automatic exchange of information across borders for tax purposes. It is not that we are admitting to anything wrong. Barbados is not admitting that we are in any way, form, shape or fashion encouraging or facilitating illicit activities through our banking system. As I say, we have been very, very blessed in this country to have had not just excellent regulators, not just great laws put in place under both political party regimes, not just the necessary IT infrastructure, but also of critical importance, financial institutions - those that are foreign owned, regionally owned or domestically owned - who place great emphasis on the need to focus on risk, to focus on due diligence and compliance at the highest possible level. And these are the items, the ingredients that go into the pot to create a domicile called Barbados, a brand called Barbados, that must be held in the highest possible regard wherever one goes in the world. Mr. Speaker, with those words I beg to move that this Bill be now read a second time.

Mr. SPEAKER: A seconder. The Member for St. James Central. I am obliged.

Mr. K. D. SYMMONDS: Mr. Speaker, the opposition, via the lips of the Leader of the Opposition and indeed myself, have repeatedly indicated to the Government in general and to the Honourable Member who just took his seat in particular that wheresoever Barbados' international business issues and concerns - and those issues and concerns impact upon the promotion of the well-being of this country and the defence of Barbados' reputation abroad, its economic and strategic national interests - that there will be no divide. And this debate is one of those instances, Sir.

We have repeatedly been told, Sir, in this House in Cathedral and outside of the House ex Cathedral, that there is a shifting of the goal post taking place by the international community. We live in an age, Sir, of that which is now being called automatic exchange of tax information. And there are a multiplicity of agreements seeking to effect that automatic exchange of information now proliferating. And to the extent that small economies with limited administrative capacity are sometimes slow or sluggish in responding to the demands of that changing environment, then as the Minister quite rightly said, you are very often penalised by being placed on a negative list which unfortunately has carried the characterisation or misnomer of a blacklist. And we, Sir - I do not think that in this House there is any disagreement that there is a need for Barbados to continue to strive to raise standards. But in terms of raising standards, one of the things that I would want to suggest to this Government that we must also do is to raise the consciousness and awareness of the population of the country - that it is not only the local Barbadian-born community who, as I will demonstrate during the course of this short intervention, are impacted directly and indeed indirectly by this thing that we call international business. Because you know, it is treated as though it is an amorphous entity that operates out there somewhere but does not impact the man in the street. Nothing could be more false, and part of the process that we must undertake now - and with respect to the Foreign Account Tax Compliance Act which we are looking at, or the implications of the United States Foreign Account Tax Compliance Act on Barbados, as we are now debating, Sir - perhaps where we may have gone wrong is that in the very early stages back in 2010, the implications of that new requirement being handed down by the United States of America perhaps should have been canvassed more widely in the Barbadian community.

Indeed, Sir, I believe frankly that if we were to ask the average man on the street standing outside the gate of Parliament now, I do not think you could find a fellow who could explain to you what is constituted by this so-called Foreign Account Tax Compliance Act. But as I will demonstrate in due course, that is something that he must now deal with and grapple with as well in his day-to-day interaction with the financial system in Barbados. So that part of what we have to deal with, Sir, is that while the opposition is not going to wrestle with Government on this issue, we would want - as we have indicated to the Minister before and indeed as the Minister has indicated to us - we continue to stand ready, willing, able and, I must now add, waiting on the Minister to follow through on his invitation that we meet with him with regularity so as to devise a way forward.

Hon. D. O'N. INNISS: Mr. Speaker, the Honourable Member is misleading the House. I really do not want to stop him in his stride and intervene at this juncture. But he has just indicated that he is waiting on the Minister to invite the opposition to come and meet with the Government in respect of international business matters. I wish to place on record that as Minister I have written to the Leader of the Opposition inviting that office to meet with my Ministry to discuss international business. And I am waiting on them to accept the invitation.

Mr. SPEAKER: Very well. Thanks for the point of clarification, Sir. Yes, Honourable Member.

Mr. K. D. SYMMONDS: I began this debate, Sir, in the spirit of nonpartisanship and I want to continue it that way. I say simply this, Sir. My understanding is that that letter has been responded to in the affirmative and that it is a matter of setting a day, and we need not fight over these matters. A date needs to be set for a meeting to take place.

Hon. Miss M. A. MOTTLEY: On a point of elucidation - on a point of fairness. This is not a contentious issue and I do not want this debate to become

contentious. The Minister has indicated that he would wish us to cooperate. We have said yes. All that the Minister needs to do is to set the date and set the committee. But for him to now make mock sport of that genuine offer - and I thought it was genuine - is most unfortunate. I will let that ball pass outside the off stump and encourage him to set the date.

Mr. SPEAKER: I do not think it is fair to the Member, though, to accuse him of making mock sport. I would rather that you withdrew that comment and let us move on. So withdrawn - struck from the record. Continue, please.

Mr. K. D. SYMMONDS: I am obliged, Mr. Speaker.

Sir. But sir, the larger point is this, that the opposition continues to be willing to work with the government on these very important matters which impact potentially substantially on Barbados. No, sir, the Minister ended his contribution on a very critical point and that is the issue of the fact that we are really now changing a piece of legislation which will implicitly resolve a challenge to the implication to the implementation of the requirements of the Foreign Account Tax Compliance Act. I won't, sir, because I suspect that a lot is being taken for granted. With respect to understanding what this is about, the Foreign Account Tax Compliance Act of the United States of America came about in 2010. It is a sister act to another or companion act to another American piece of legislation, which is called the Hiring Incentives to Restore Employment Act, the so called Hire Act. And it came about in the United States under the Obama regime in 2010 to cure a twin mischief. Two mischiefs if you will, or one mischief with two limbs. The first was that there is a substantial leakage of revenue from the United States treasury via what they define as offshore tax evasion. The second limb is that there is the outsourcing of jobs, which is really a product increasingly of the changing international trade environment. And so, even if you follow the current election campaign in the United States of America, the issue continues to humbug the American people and politicians as to how they deal with what they call outsourcing of jobs or the movement of companies offshore. And with that also the other issue of people setting up accounts offshore and having undeclared assets in those accounts which never see the light of day in the US Treasury.

To solve the latter problem, which is the fact that there is the so called offshore tax evasion taking place by United States citizens holding undeclared assets in offshore accounts, the Foreign Account Tax Compliance Act was created. And effectively the Foreign Accounts Tax Compliance Act is saying that you have to disclose the content of any account that you hold if you are an American citizen or if you are an American enterprise or an affiliate thereof doing business overseas. No, sir, it is useful to also make the point that it is projected by the American Government itself that over the course of the next 10 years, this FATCA, as it is called, Foreign Account Tax Compliance Act, is likely to bring in somewhere in the vicinity of $7.6 billion with a B. And the treasury itself confesses that United States is a debtor country facing $18 trillion in debt and rising. So that you have a piece of legislation which is really paltry or it is producibly paltry in comparison to the large problem they have to face. But the impact and the consequences of the legislation, much of which the Minister has spoken to, are quite substantial.

No, sir, we have to understand that in Barbados, and this is where my concern is. In Barbados today, under Section 83 of the Income Tax Act, Cap. 73 of Barbados, provision already is made for agreements between Barbados and any other country or territory with respect to the avoidance of double taxation or the prevention of fiscal evasion or any other matter relating to taxation. Of income, whether that agreement is made by the Government of Barbados or otherwise, and by whatsoever name or howsoever designated to have force of law in Barbados. So that we have historically, I think, now and across political parties maintained a position whereby there is no resistance. In fact, Barbados is on record as part of the law of the land Act, Section 83 of our Income Tax Act. Barbados accepts that there is an expectation and a legitimacy attached to agreements which seek to correct the issue or to stop the continuation of fiscal evasion.

But, sir, the danger that we, I think, are now about to confront is that when we put this as part of our legislation, we were seeking to facilitate, as we have continued to do sometimes to our own detriment, the OECD and its constant shifting of the goalposts. We were seeking, sir, as we must do, to confront and to fight and to support the fight against money laundering. We were seeking, sir, to ensure that we fought against terrorism, trafficking in illegal narcotics, etc. But there comes a time when the accommodation which we have been making starts to work even against the interests of other fundamentals which are part and parcel of Barbados national economic development and strategic interests. And I speak particularly, sir, of the fact that the international business sector is critical to our economic development strategy. But if there is a sector that is likely to be affected negatively by the fact that we go through this exercise today, even though, and this is the irony, the bitter irony is that we go through this exercise today in the hope of protecting the international business sector from the false accusations that Barbados is an uncooperative jurisdiction from the so called blacklisting and negative listing which smear and scandalize the reputation of the sector. But even as we go through this, we are now about to impose upon the same sector an abundance of administrative costs which the sector, especially the financial institutions affected, are

going to have to carry in order to meet the increasing obligation which is foisted upon it by this piece of legislation.

And the Minister spoke in an indirect or tangential way to this matter, sir, but he is right and the point must be developed. Because when in distant domains you have, for example, in Washington D.C. the Foreign Account Tax Compliance Act being passed and the glib expectation is that around the world everybody will fall in line because one size cap fits all, as the Leader of the Opposition often likes to say, is the expectation, when the reality is that one size cap cannot fit all and that we are in a situation here today, sir, where by implication we now are being threatened with the compromise of the financial well-being of vital financial interests in Barbados. And what are the institutions that are captured by the FATCA requirement? Foreign financial institutions as defined under the Act in the United States, which therefore now is dictating to us which financial institutions must expose their account information to. The Revenue Authority in Barbados would be banks. Whether those banks are commercial banks, privately held banks or investment banks. There would be limited liability companies, there would be partnerships, sir, insurance entities, fund companies, for example, the mutual funds, the hedge fund, the private equity people. All of them are now captured. But that really captures, in a broad sense, what we call in Barbados our international business community. So we invite these people to our shores, not telling them in any way that they can be in a tax haven, quite the contrary. But what we do not expect that we have to do is to tell them that they are rendered more uncompetitive or rendered less competitive, whichever way you wish to put it, as a result of the consequences which are associated with having to carry the burden of mounting costs which follow upon the provision or the answering to the requirements of FATCA.

No, sir, every one of those institutions is now going to be required to undertake a very costly process. It has to determine who among its clients are United States citizens for the purposes of the United States tax code. That is something they never had to do then. Secondly, they have to comply with the requirements of information sharing. The Minister makes the point that it invariably has meant that people now have to get new technologies, invest in new technologies. All the banks have gone through that process. Many of the insurance companies are now doing it as well. They do this at the risk of attracting to themselves a substantial penalty of, I think, 30 per cent withholding tax on undisclosed assets so that for the second time in our history, and I make this point because I want government to understand the perilous state that we are about to go into. It was in the same 2010 that Great Britain gave Barbados a so called blacklisting and deemed us to be uncooperative. That was the mother country in 2010. And then as a consequence of that, they introduced for the first time a tier of punishments which penalized those people who did not disclose. But in so penalizing

the people who did not disclose, you're also penalizing the country where they are domiciled so that Barbados then becomes penalized. And I think in 2010 we were treated at what was tier number three, which was the worst of the bunch because there were people of UK origin in Barbados who had not disclosed.

Now, sir, the larger point that I wish to make is that for an economy which is reliant upon foreign direct investment, as ours is, for an economy which is reliant heavily upon an international business sector providing financial services and specializing in financial services, as ours is, we are now facing a serious and unprecedented degree of challenge because foreign financial institutions domiciled here will become increasingly reluctant, in my view, to simply absorb costs that are imposed upon them. And then they will, more than likely, as has already been indicated by the Deutsche Bank, by Credit Suisse. And only last night I pulled up a copy of a letter that had been published to Timothy Geithner, the Treasury Secretary in the United States, by Credit Suisse, which is saying that it will cost Credit Suisse an estimated $100 million a year in administrative costs alone to deal with the requirements of FATCA. And that as far as they are concerned, the other option for them would be to avoid doing business with American enterprise and American interests.

Now obviously that is undesirable for them, as indeed it would be undesirable for people here, financial institutions here. But it is an option which faces financial institutions. But more importantly for Barbados, Mr. Speaker, sir, it is an option which this country cannot afford so that we find ourselves caught in a virtual wedge, a vortex that is pulling us down. And in my judgment, Mr. Speaker, as desirable as it is to accommodate the expectations of the international community with a view to protecting Barbados' financial reputation, it is equally important for us not to be supine, but to send the very strongest of signals and to build alliances with like-minded people and like-minded entities which are similarly afflicted and who feel similarly strongly so that there is a resistance to the continuing shifting of the goal post to the detriment of the economic development of the country.

This may suit Washington D.C. and you know, all too often we in the Caribbean forget that there is a diaspora that is called upon very regularly at four-year intervals. Next year this time the diaspora will be called. Every four years they call on our diaspora and next year this time they will be calling on them again. And very often the diaspora votes almost en masse in support of the same administration that tends to impose these kinds of crippling pieces of legislation on us.

Now I say this, Mr. Speaker, I feel that every effort has to be made. I am not going to for one moment belittle the point that the Minister makes that Barbados has its back against the wall in any fight with the United States of America. But as I said, we have to try to build strategic interests and strategic alliances, not for the first time I am saying this either. I left this place, probably about a year ago, with the Attorney General to go to address the Society of Trust and Estate Practitioners, which had a meeting in my constituency in Holetown. And there, sir, had mounted a forum where we were discussing these matters. And I took the same position then.

I do not agree with the view, sir, that we are so small that you cannot let your head be seen above the rampart because somebody might shoot it off. I feel that we have, sir, to let our voice be heard and associated with those who are of similar mind or who are really allies. It is useful to record here, sir, that Canada - the Canadian government - feels as strongly against FATCA as I am articulating today. And they themselves have said that they feel that they should be exempted. That has been Canada's position. The British Association of Bankers have put it in writing that as far as they are concerned, this will lead, sir, to substantial instability, systemic market risks and substantial global financial instability. That was the language of the British Association of Bankers. Australia, sir, like Canada has voiced similar concerns and indeed so too has the Brazilian Federation of Bankers.

The point that I make is that there are potential allies out there. Because invariably when walls start, everybody starts saying, and everybody falls like nine pins. But the truth of the matter is, sir, the point that I am making is - but the Attorney General, sir, you know, I hear this sort of vocal remark, sir, that I know all of them signed. And it reminds me of the fact, sir, that as I said, that Society of Trust and Estate Practitioners meeting was also addressed by the Attorney General who, when he spoke, sir, it was very clear, did not know what he was going to say during the middle of his speech, sir, no one knew what he was saying. And at the end of the speech, sir, no one was any wiser about what he had said.

But the reality of the thing is simply this. There needs to be a strenuous effort made to build alliances. I was part, sir, of a government where alliances were built over Shiprider. I was part of a government where alliances were built over a battle with the OECD. I was, sir, part of a government where alliances were built when the United States government decided one day that they had enough of the Barbados–US Double Taxation and Bilateral Investment Treaty and that they were going to gut it. And indeed, it was in the Ministry of Foreign Affairs that the letter was sent to the Chairman of the Senate Finance Committee, Orrin Hatch, that you cannot do it that way and that CARICOM as a whole would have to speak on this matter. And the point that I am making, Mr. Speaker, sir, is that there are things that we should - buttons that we should perhaps be pressing.

Because if it is that we are going to have to comply with this type of onerous expectation from the United States of America, let me put it in blunt terms. Good God, man, give us a little something in exchange. We are right now losing an $86 million a year industry - rum. It is being challenged by the same United States government which continues to provide subsidies, covert subsidies so called, to its own rum producers coming out of Puerto Rico and coming out of the United States Virgin Islands. They are subsidizing marketing costs. They are subsidizing production costs. They are subsidizing to the extent that the producer coming out of Puerto Rico and the US Virgin Islands is virtually covered to the extent of maybe 90 per cent of what the ordinary cost would be. We cannot compete against that.

And the solution has been suggested to the United States government. This is a matter of the financial survival now of some of the countries in the Caribbean, Barbados being foremost among them, perhaps. So, therefore, if you are going to apply an excise tax in the United States and then pass it back by way of a subsidy to the distiller of rum in Puerto Rico, then to perhaps a slightly lesser extent, treat Barbados and treat Jamaica and treat Trinidad in a similar fashion. Do not just openly discriminate in such a way as to destroy the potential trading interests of these small economies.

And Mr. Speaker, sir, I feel that if it is that we are going to say to the Americans, we will hold your hand in these difficult times because you are placing such a tremendous amount of importance on fighting terrorism and you are placing such a tremendous amount of importance on being in a position to know what is in people's bank accounts, because you must be sure that they are not going to be trading in guns and running narcotics and doing other things which are illegal - then equally in exchange give a small open economy which is extremely vulnerable like Barbados, but which is suffering as a direct result of policies that you are implementing, the opportunity to benefit a little bit. And I feel, sir, that these are the kinds of things that we must be stressing, and I say stressing because we have to use the diaspora, the Barbadians and the Caribbean people across the United States of America, whose voices will be called upon and whose vote will be expected in a few short months, so that they are in a position to lend succour and aid to the country here.

Now, Mr. Speaker, sir, there is another issue which concerns me and that is that in all of this we have now to look at what the costs are to the Barbadian consumer. Already we are seeing in the banking system in Barbados

that consultations - if you wish to go into the bank and borrow some money for the purpose of a mortgage - you are paying a consultation fee in excess of $1 000. Already we are seeing, sir, that if you want to do a wire transfer of money you are being told that the wire transfer cost has gone up by $100 to $200. We are seeing, sir, credit card costs in Barbados and the interest associated with credit cards. Sir, I am not going to call on a particular bank name, but the reality is I am not going to use this place to advertise anybody's financial institution. But the reality is, sir, that a recent publication from one of the banks indicated that they are sending up their gold card credit card interest rate now to 28 per cent and that the interest rate, sir, on the standard card is going to be from 25 to 27 per cent. Fees in the financial services sector, especially in the banks, are already galloping and the implementation of FATCA has not yet come. The pass-through is inevitable and the Barbadian consumer is going to be asked to bear the burden of that pass-on through the system.

And I feel very strongly, Mr. Speaker, that again, if this is something that we have to contend with, then we have to make sure that we bring all the financial institutions to the table with a view to protecting the consumer in the very best way possible. There is a need in my judgment, sir, for this side of the thing to be properly discussed and canvassed in Barbados. The failure to nip it in the bud is going to confront Barbadian financial consumers seeking access to financial service products with a level of interest rate payment and a level of service charges that will be impossible for them to manage.

I also say, sir, that the question of old basic principles in international law are now being swept under the carpet with respect to this. Reciprocity has long been one of the considerations that states hold their entry into each other with. With FATCA, there is no other country in the world that seeks to compel and also penalize non-compliance with its domestic revenue authority. For the first time we are now into an era where it is supposed to be accepted and acceptable for penalties to be attached for non-compliance with the United States Internal Revenue Service.

The question of sovereignty used to be a big thing. It used to mean something. I would have hoped that with the 50th anniversary of independence approaching, it would continue to mean something. But the erosion of sovereignty, sir, is clear when you have a situation in which it becomes suddenly appropriate for Barbados to be an unpaid extension of the United States Revenue Authority. And that is basically what we are. We are going to become an unpaid extension of the US Revenue Authority. The Minister of Finance's tax department must now be doing unrewarded work - I may say unrewarding work as well - for the United States government.

And, sir, this, as I say, you know, it is all too easy for us to say, but others signed too, and a lot have. But these issues are issues that needed to be canvassed widely and to be put robustly before the powers that be in the United States in an effort to try to find some mitigating factor. Because it is all well and good for us to go ahead down this road, sir, but I make this speech simply to make the simple point on which I will conclude: that the costs associated with it are going to be very substantial for the financial institutions. Almost undoubtedly the financial institutions will pass that cost on to consumers in Barbados. We are already seeing that unwholesome and unhappy pattern where financial consumers in Barbados are being asked to pay more and more. And at the end of the day, sir, those things which we held dear are now being rendered meaningless in the context of sovereignty and reciprocity among nations. Mr. Speaker, sir, I am obliged for your attention.

Mr. SPEAKER: Member for St. Peter.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, sir, I am grateful to be recognised and I joined this debate, first of all, to commend the House on both sides for recognising that when Barbados' best interests are being threatened, it is imperative on both sides that there is a joining of hands to fend off threats. We had to face a similar situation at the turn of the century when there was the OECD Harmful Tax Competition initiative.

Having said that we must join hands to fend off threats, I must also urge that a matter like this must be put in a broader developmental perspective. I believe that the biggest single threat facing Barbados today is that through no fault of the Government or no fault of the Opposition, we are in danger of having to face the prospect of living in a society that does not have a viable economy. And that prospect is real - it is not often understood by the Barbadian public at large.

There was a time, Mr. Speaker, when Barbados could rest a significant proportion of its economic fortunes on a viable manufacturing and available agricultural sector. With the coming into existence of the World Trade Organization in 1994, the techniques used to protect and promote agriculture and manufacturing - especially the protectionist devices - are no longer part of our future. Intelligent Barbadians will ask the question: will there ever, ever again be a factory of the scale of Intel in this country? And the answer is no. International trade law makes viable agricultural and manufacturing in Barbados incredibly difficult.

We now have to face the prospects, Mr. Speaker, of the rise of the South. A lot of the investments that would ordinarily have taken place in Barbados and the rest of the Caribbean are now going to India and China. When I

became Prime Minister of Barbados, a very large Indian company established a company in Barbados to write software for Fortune 500 companies, and they are now back in India. The company that was in St. Lucia is now in China. We have to face the prospect of the rise of the South. Africa is on the move. The fastest growing economy in the world is Africa.

We now have to face the prospect in the Caribbean that while our regional integration initiative has been put on pause and is unlikely ever to be resurrected, some of the world's largest economies are now on the point of constituting themselves as a new free trade area. The threat is so profound that it boggles the mind, because while the goods produced by those countries will enter each market duty free, ours will enter duty paid. The world is not on our side.

Barbados cannot realistically expect a tourism sector growing at 4 per cent to underwrite the developmental expectations of this country. A 6 per cent increase in tourism means about a 1 per cent increase in our GDP. And a 4 per cent growth in tourism is not enough to drive the development of the economy at large. So the question really that this debate must, I believe, engage in is not just how do we fend off a new threat in relation to the operation of our international business and finance sector, but what major new initiatives can be engaged in to make that sector once again a strong pole of growth in the economy? Given, as I said, that manufacturing and agriculture is not going to get the job done and tourism is being expected to carry too heavy a burden, if we are going to have a viable economy, our economy just cannot fly on one engine.

Great consideration has to be given to what will be the structure of the new Barbados economy and what role can we realistically expect to be played by what used to be the second leading sector in the Barbados economy. And I stress the point, Mr. Speaker, because the financial problem that the Government is facing is not a problem caused by the rates of taxes. It is caused by the fact that the ability of a major sector to generate tax revenue has declined. A large part of our fiscal problem resides in the fact that the offshore sector - the international business sector - Barbados used in the past to be the beneficiary of a unique tax benefit from Canada that allowed the sector to out-compete other Caribbean countries. Because we had a tax information exchange agreement with Canada, others did not. And therefore Barbados became the place where the third highest concentration of Canadian investment in the world was located. Because of that unique tax benefit - which is going later this year - Barbados has to make a lot of the legislation it used to promote international business compliant with Article 274 of the WTO Agreement on Subsidies and Countervailing Duties.

I believe that this matter has been taken in hand. But things like the societies with restricted liabilities and most of the offshore sector producing goods - the incentives used to promote them have been found to be inconsistent with Article 274 of the WTO Agreement on Subsidies and Countervailing Duties. And that is another threat. So we lost a unique tax benefit. A large part of our sector now has to be adjusted to make it WTO-compliant. But it is not just enough to fend off threats. The sector has to be diversified - and strongly diversified - if it is to once again be the kind of pole of growth in the second decade of the 21st century as it was in the last decade of the 20th century.

The essential issue that has to be addressed is not just how are we going to address the threats, but is there any scope for indigenous action to make our own sector more competitive, more appealing? And what has happened to the proposals and plans to carry the sector in new directions - to write more substantial business and to do what some other jurisdictions have done to respond to these challenges by breaking new ground?

If the Attorney General would read the Courts Task Force report - that task force was created in 2008 - he would see that there was a strategic plan for the international business sector. That task force urged the Government of the day to fully implement the proposals of the strategic plan they inherited. Barbados should have become a location for dealing with international tribunals and matters of that nature, broadening the appeal of the sector to go in the direction of other Caribbean jurisdictions that deal with Islamic financing and these things. All of these things were in the 2008 strategic plan for the sector that the Government was urged to accept and implement, but that plan has fallen to the ground, Mr. Speaker.

Now that Barbados has to operate an international business sector without having to rely on unique tax benefits and tax incentives that are not consistent with WTO obligations, matters relating to ease of doing business, conditions for doing business, and the removal of constraints at home that can reduce cost in this sector become even more fundamental in the future to attracting business here. Has the Government been doing enough to address Barbados' standing in the world's ease of doing business index? Because, as the Attorney General will know if he is on the ball, the main input that Barbados brings to international business is the conditions for doing business - how long it takes to register a company and all these various things. And if the country is going backwards precisely in those areas, the conditions for doing business, if they become negative, will become a big disincentive for establishing international business in Barbados.

I recently had the opportunity, Mr. Speaker, to spend a day with the Jamaican Cabinet and the Jamaican private sector, and they are determined to make Jamaica succeed.

Despite the international conditions that Jamaica is facing, their social partnership has established that Jamaica can progress its ease of doing business, and making Jamaica transform its ease of business indices is treated as a national priority. In the last year, Jamaica has now virtually risen to the top as potentially the most competitive economy in the Caribbean - by changing the conditions of doing business. This is not an issue that requires any spending on the part of the Government. It is simply a matter of taking international benchmarks and, where we are in a bad condition, improving them.

There could be nothing that would do more to promote international business in this country than for the Government of Barbados to follow the lead of the Government of Jamaica. Perhaps for the first time in 30 years, Jamaica is transforming how it presents itself to the world in relation to ease of doing business. And while Jamaica has improved its condition, Barbados has fallen backwards in relation to this most vital aspect of helping to transform an economy. I stress the point that Barbados is not going to go forward unless the conditions for doing business in the country are improved.

is treated as a priority that must be addressed in a significant way. Because in tourism, you know what we bring. There is a natural advantage that Barbados has in tourism because of climate and whatever else. But what do you bring to international business? People come here precisely because of the conditions for doing business. Those conditions for doing business in the past were that you had a unique tax benefit with Canada that no longer exists and that some of the incentives that you used to promote your exports of commodities in the international business sector are now being judged to be incompatible with international trade law. It therefore puts a bigger onus on the country to treat to that matter as the foundations upon which we are going to build a viable sector in the future.

Now, I stress the point, Mr. Speaker, because as I said earlier, what will be the poles of growth in the future and what will be the foundations upon which those poles will rest? The public of Barbados has to be told that our circumstances and the change in our circumstances are not international recessions - or as important, that the change in our circumstances are that there has been a fundamental change in the conditions under which the environment within which our development takes place. Those changes in our conditions affect almost every sector. Since 1994, they have been particularly pronounced in agriculture and manufacturing. We had a good spell in international business because the conditions were in our favour then. But those conditions have changed too.

And I believe that while it is important that the minister comes to this debate to tell us about how he is going to fend off the threats - and we must support him as he fends off the threats - it is not just enough to fend off the threats. The sector must be diversified. We have now to find an indigenous way to make it more attractive for international business and finance to want to treat and to choose Barbados as the preferred location, not just on the strength of our network of double taxation treaties, not just upon the strength of the incentives that may have existed in the past, but precisely on the willingness of this country to accept that the business model that might have sufficed in the past can no longer suffice in the future. And if the business model is not changed, the economy will continue to stagnate. And an economy resting only on tourism, no matter what you do in Barbados, will not be strong enough to pay for the standard of living that the people of Barbados want.

No, sir, we must not allow it to come to a point where a reduction in the standard of living becomes the major policy of a Government of Barbados. But there are some countries in the world where this has been the case. There are some countries in the world, not least Japan, that has wandered in the economic wilderness for a decade. And the notion that you can have a substantial fall in the standard of living of a people is not something also that is foreign to the Caribbean experience, because we have seen it also in Jamaica, which is now doing something about its own circumstances, and Guyana, which has awakened to the threat that it faces.

So that I have joined this debate to support the need to fend off the threats, but to suggest that even as we are fending off the threats, that we are now living in a global society that does not owe Barbados a living, does not feel that it owes Barbados a living, and will do nothing to show that it owes Barbados a living. And that if we allow it to continue without ourselves being proactive from a developmental point of view, then we will find ourselves facing a most dire prospect of living in a society where the economy is not viable.

I want to suggest, sir, that the two sectors of the Barbados economy that can drive our growth and development - tourism and the international business sector - must be given first claim on the resources and must be given all policy preference. They are saying that the Government understands that in respect of tourism, that the sector must be treated as a leading sector and must be treated as an export sector. And those things must be continued and sustained. A similar set of initiatives are required for the international business sector to supplement what is happening in tourism if this economy is not to continue to falter.

And therefore, while I am happy to join members of the House in supporting an initiative that once again is just fending off the threat, I bring to you the experience that we

too, in our time, had to fend off threats. We had to fight tooth and nail to fight off the threat of the OECD harmful tax competition. And I will not make light of a governmental initiative that is to fight off a threat from the OECD, from Europe, and in this instance, from the United States of America. I am not surprised that the United States Government is doing this, sir, because the President of the United States of America, even when he was a senator, brought legislation that would have named Barbados as a tax haven. And there has been this enduring issue among the Democrats in the United States of America that entities that seek to make a living by promoting international business should be throttled.

Some day, sir, when the history of that period is written, I will have to report how grateful we were to some of the persons who are people in the diaspora, who do not ordinarily support the Heritage Foundation and others, in helping to put the OECD tax initiative to bed. I must also use this opportunity to say that while we may want to malign his much maligned character, President George Bush - it was his intervention in Chile that allowed Barbados to get its name off an OECD harmful tax initiative. He and I spoke about the matter. My foreign minister had a weakness for sweetness. [Laughter.]

But, sir, I really will wish the minister, in his winding up, to know that I will support the initiatives to fend off threats. But we need also to hear more about what is being done and is going to be done to diversify the sector, and what is going to be done to enable the sector to function far better in the future in an environment where, similar to all of the other small countries that are competitive, we have addressed the issue of conditions for doing business in this country. And with those remarks, Mr. Speaker, I bless you and the House for entertaining this contribution.

Mr. SPEAKER: Yes, our minister.

Hon. C. P. SINCKLER: Mr. Speaker, sir, I think it would be - I would be remiss if I did not at least say a few words in this particular debate on this matter. And I want to speak very briefly but expansively on issues which would have been raised by the last speaker, the Right Honourable Member for St. Peter. But before I do that, I want to take the opportunity to thank the Honourable Member for St. James South, the substantive minister responsible for international business, who did an excellent job in introducing this particular bill - consequential, of course, on the laying of the regulations by myself earlier, as we went through the early phases of the agenda of the House. Because I think we consulted on this, of course, at Cabinet, and the Minister and myself felt that even though it falls squarely within the remit of the Income Tax Act, which of course is administered by the Ministry of Finance through the Barbados Revenue Authority, the issues contained in those amendments - small as they are, and maybe to some people inconsequential - are certainly not inconsequential to the persons who are required to handle confidential information and to exchange that information. To the average person it may seem inconsequential. The issues are extremely important and they cut across a number of not only disciplines but also individual endeavours in relation to business intervention and even personal endeavours as it relates to our engagement and interface with financial institutions, and in this case particularly those who have relations with the United States of America.

It even goes as far as the Honourable Member for St. James Central has said - it goes into deep issues pertaining to sovereignty, to the financial architecture, Western financial architecture, and particularly financial hegemony in relation to what larger and more powerful industrialised countries can impose as it relates to extra-juridical pieces of legislation that reach beyond their jurisdictions and affect ordinary citizens in countries across the world. We have dealt with this, as the Honourable Member for St. Peter will tell you, on numerous occasions. He spoke about the OECD matter. He did not speak about the shiprider and all of those other things that we had to deal with in the past. So we are not totally foreign - no pun intended - to these acts being passed in other countries' parliaments and extending to impose restrictions or impose charges on us, some of which, as the Member for St. James Central has said, can end up costing us quite a bit of money to do. And it is very disconcerting as a sovereign country to have to suffer through some of these things because we believe in the concept of independence. We understand the interdependence of global affairs, and we know that the process of globalisation itself has brought that perhaps to a stage that we might not have intended. But certainly post-modern globalisation has caused all of us to be, if not interdependent, more certainly dragooned into a particular vortex that could affect your very ability to make decisions that are in the best interest of your own citizens.

And that is disconcerting to many of us, not just as lawmakers, but as students of politics and as nationals and patriots of our own country, when somebody could pass an act somewhere in some part of the world and cause you to have to follow it because they have the capacity to impose their will in one way or the other to cause you considerable damage. It is a matter for pause that your very economy and society, given the interconnected, vulnerable and exposed nature of it, could very well suffer a serious and calamitous blow because of some decision that is made by somebody who perhaps does not even know where your country is located or frankly does not care. And this is a reality we live with. But it is something that is very disconcerting because, as the Honourable Member for St. Peter said, we can plan, we can set out all of these fancy things that we want to do as we ought to in relation to our own existence and civilisation. But all of that could be

scuttled because of some piece of legislation passed somewhere.

I know, for example, the Barbados Revenue Authority - and I know the Member for St. James Central raised the matter - the Revenue Authority has to go and buy some software to allow it to be compliant with these new regulations and with the other reporting requirements for FATCA under the Intergovernmental Agreement. That is what it is called - the IGA, the Model 1A IGA - and that could cost the BRA close to $500 000 Barbados dollars. That is just one piece of software that is required for what they call the FATCA schema, into which the information that they are requiring you to plug in is to be done. And that is just one part of it. There are other elements of it. That is just for the BRA - that has nothing to do with the other financial institutions which are going to be called upon to establish that. Now, as we have said, luckily, because many of these entities are branches or extensions of larger multilateral corporations and financial institutions, they have been able to benefit from their system-wide architecture and information systems. So they have been able to borrow on it, but it is still a cost, and as we know in business, most costs are passed on to the consumer. So therefore when these things are put in place, you have to go and upgrade your systems, you have to put this in place and that in place to meet the requirements, and it is increased cost. It gets passed on eventually down the line to the average consumer or client.

And therefore there are people in our system - both working in the business sector as specialists in management services in international business, running international businesses, providing services for international businesses, tax accounting, accounting firms and so forth and so on - and individuals even who will feel the impact of this particular piece of legislation. And perhaps at some point in time somebody in international business, finance, and the BRA should try to do a piece of analysis to give us a clearer picture of exactly how in financial terms this thing is impacting on us in that particular manner.

Mr. Speaker, sir, I should probably conclude by saying that at least, as the Minister for International Business has alluded - and I know the Minister was very modest in his presentation and did not want to say it - under his leadership we have been able to be elevated to a leadership position in one of the subcommittees of the Global Forum of the OECD. He did say so before, but he has not trumpeted that enough, because I think the Minister has been able to utilise that position to get the international community not just to have a better understanding of what we do in Barbados, but equally as well what is happening in the Caribbean region as a whole. We know, for example, that our Governor of the Central Bank has just become a member of the Bretton Woods group. He has sat as a co-chair of the subgroup of the Financial Stability Board, which has dealt with these issues at a different level. And therefore Barbados has been providing leadership on these matters internationally and of course on behalf of our brothers and sisters in the Caribbean. And I think that has shown the level of maturity that has emerged from the days when the Honourable Member for St. Peter and his team had to fight the early days of those interventions by the OECD. So it is an evolution, and I think across both sides of the political divide we should be, if not satisfied, certainly happy enough that Barbados has continued to provide leadership in this particular regard.

I was intrigued by the presentation of the Honourable Member for St. Peter. And I have come to the stage where I do not find any malice or spite in what the Honourable Member is saying. I know I have heard the speech that he delivered on several occasions - it is not an entirely new presentation to us, but it is an important presentation nonetheless, in the sense that he has made the point that the entire scheme of Barbadian economic development, Caribbean regional development, and indeed global economic development has changed so radically in the last 20 to 25 years, and certainly in a very intense way in the last five to ten years, that we as a country have to seriously relook the developmental model that we have followed. And that is absolutely correct. I support him in that regard. Where I think we part company is that I do not think it is necessarily true to say that we have not recognised this as a government. I think we have recognised it as a government. Perhaps entirely as a country we have not, and maybe we should take responsibility. I certainly as Minister of Finance would take responsibility for perhaps not communicating it as clearly as I could have. But I know that as a government we have seen, we have accepted, and indeed we have started to act on the transformation of the Barbados economy, because we understand that model has changed. We understand that preferences have come to an end. We understand that we are living in the world of the WTO, where liberalised trade - the WTO, the EPA, even our own CARICOM Revised Treaty of Chaguaramas for the creation of the single economy - all of those factors, when taken in conjunction with what we are doing at a bilateral level with other countries, Canada, the United States to come, and others, have changed radically what has happened and will happen in the future to Barbados in terms of the model.

Indeed, Mr. Speaker, sir, I have, for successive presentations in financial statements and budgetary proposals, in successive statements for the estimates of revenue and expenditure, spoken to this particular factor. Indeed, in the very last financial statement I delivered, I tried - perhaps clumsily, but I did nonetheless - to juxtapose the developmental model that Barbados has followed and that has served us well for the better part of our post-independence existence: that of having what we call a Scandinavian model of social development, but

expecting to have an American-type economy. And I spoke very clearly about that, and I said that the contradictions of the two - that is, being able to have an economy where a range or raft of social services are provided generally free of cost at point of delivery, whether it is sanitation, water, education, health care, and you can go on and on - had now come right up alongside each other. Even though they were presumably travelling in the same direction, they seem now to have come to the stage where they have collided. And the expectation that people have in Barbados - that you can have a low-tax economy or a no-tax economy while providing all of those services that people demand in ever-increasing amounts and to ever-increasing levels of sophistication - the two will, if they have not already done so, collide at some point in time.

That is not a new thesis. It has been expressed by not many people, but by sufficient people. I believe the Honourable Member for St. Peter has himself said that in the past. The point is, a lot of people in Barbados have been hearing it, but they simply do not want to accept the argumentation that radical surgery is required if we are going to sustain the standard of life and the quality of living that we have. You know, when you are on a battlefield and sometimes the dynamics of the battle change, you have to retreat to base. Yes, you have to retreat to base. But people see the retreat to base as an admission of defeat. It is not an admission of defeat. It is so that you can recalibrate the battle plan before you proceed. It makes no sense - like the Germans trying to march their troops over to Russia in the winter. If you are advised by your generals on the ground that it is not nearly possible for those troops to withstand the cruelties of the winter season and then fight a sustained battle when they reach their location, you do not proceed. Now, we have been saying this, but people stand this up as: one government has left office giving everybody money in their pockets; another government has come in and I am not getting money in my pocket; I have to pay a little bit more for this; this expenditure has to be cut. This is not a recalibration of the structure of the battle we are fighting for sustainable development going forward - this is a complete retreat and a dismantling of the process of development to which we march towards. And that is not so. And I have been saying it repeatedly in budgets. The Prime Minister of the country has been saying it, other people have been saying it. And I hope that even as we discuss these important issues as it relates to FATCA, we come now to the full and complete realisation that there must be transformative elements in this economy if it is to go forward.

I agree with the Honourable Member for St. Peter. Tourism and international business should command our attention because, if none other, these two can very quickly assist in the turning around of our economy and the driving of economic growth. But we also have to have a heads-up approach to this, to know that these two sectors, even as they have that type of capacity, are also two of the more vulnerably exposed sectors of all when you speak about sectors. Because tourism, as we know, can be struck very quickly and very easily. And of course we know what has happened to international business. When I spoke in the financial statement and budgetary proposals, I made it abundantly clear that when we look at the amount of corporate tax revenue that we were getting in 2006–2007 - in excess of $500 million Barbados dollars - and that over time that declined to below $200 million by 2013, I was speaking about the fundamental shock which the Great Recession - or global recession, as they want to call it - had in particular on the international business and financial services sector.

Indeed, I go forward to say, Mr. Speaker, sir, that in the previous estimates I had outlined very clearly that in fact the fall-off in those corporate tax revenues could be placed almost squarely - 85 per cent of it - entirely because of a fall-off in the revenues coming from international business and financial services. And it was contingent largely not just on the fall and trouble of the financial sector. It was, as the Member has said, because the Canadian government - again, another parliament - made changes, as they are entitled to do as a sovereign parliament, to their tax laws. And since the business that we had crafted this around was substantially based on things like exempt surplus and so forth and so on, when they made those changes, we had to make changes too. In fact, I recall as Minister of Finance that when I was first alerted to that and what was being suggested by the tax planners and the international business experts for us to do in order to save business - because of those changes to the exempt surplus - we were looking at anywhere between $50 million to $100 million a year. And I am saying, Mr. Speaker, sir, that small economies like Barbados with very limited revenue pools do not recover so easily from being asked to cut $100 million off your revenue just like that. Far less having to accommodate a $200 million on average decline in your corporate tax revenues annually. You do not make that adjustment easily. You are talking about almost 2.5 per cent of GDP. It is not an easy thing to recover from. And people feel that there is some magic wand that you can wave to get back that tax money somewhere else. The only body you have to call upon to help fill that in terms of tax are the citizens of Barbados. And that is why we have had to impose some temporary taxes on Barbados - not because we relish or get some type of feeling out of putting taxes on people. That is not what it is about. But it is about protecting the integrity of the financial system of Barbados and the economy of Barbados.

And that is why we always call on the opposition. Even in spite of their duty, they believe to oppose everything that this government does. And I am happy they are not opposing this today. I thank the Member for St.

James Central for his speech - that we are doing this because we hate Barbadians, because we are an uncaring government and so forth and so on. Because nothing could be further from the truth.

But I go even further, Mr. Speaker, sir, because I know my time is coming due. But I go even further, Mr. Speaker, sir, if you check to see what this administration has done in response to the challenges that we have faced. We have not just spoken about the need to restructure the Barbados economy. We have started to restructure the Barbados economy and started in earnest in the international business and financial services sector. We have brought more legislation here in the last 18 months to two years to diversify and differentiate that sector by offering additional product. The Minister will speak about that, but that is simply a fact. Things that have been lagging for years and needed correcting - this government brought the legislation here to do it and continues to do so at pace.

In the tourism sector, after many years of discussion, dispute and all of that, we took the decision to move tourism fully on the footing of being an export sector by bringing the adjustments to the TDA here and making other adjustments to the sector to ensure that it has a future sustainability beyond what we know that we can do naturally as a country. We have sought, Mr. Speaker, sir, to further diversify our economy. Mr. Speaker, sir, I can go into all the other things in tourism - the push that we have made into non-traditional markets, even at the abuse of the Member for St. Michael North. I can speak about the things we have done to diversify into even traditional markets, to go further into things. But the Ministry of Tourism can speak about that.

If we are talking about foreign exchange saving sectors - after much talk about alternative energy, we put an alternative energy policy in place. We have changed legislation for alternative energy. Mr. Speaker, sir, we have even gone as far as taking the time to sit down and make the corrective changes to the legislation which was rushed into this Parliament by the last administration in relation to the offshore drilling programme, which, when the experts saw the legislation, they said it was the craziest piece of legislation imaginable. The Attorney General, the Prime Minister's office and others had to sit down and do that properly.

We have now, Mr. Speaker, sir, agreed and planned for a restructuring of the sugar industry in Barbados. Finally, Mr. Speaker, sir, some 15 years after leaving office, we had to come back and do a second generation of reforms to try to save that industry. And very shortly the Minister of Agriculture will speak to the arrangement which we have put in place. We have made the fundamental changes. We have met with the independent producers and growers and we have come to an arrangement to get our crop back up to 25 000 tonnes in the next three years. And very shortly the Minister of Agriculture will speak to that plan - to keep Barbados Farms and to keep the other independent growers in BSIL in the sector and committed to making the investments to ensure that we get our crop back up in preparation for the new factory. That will be a multi-purpose factory to do different types of applications, not only in relation to the processing of sugarcane.

So many people talk about the restructuring of our economy. We have continued the process that was started by the last administration - and I give them that. We completed, or almost completed, the process of the financial reforms. We put the FSC in place, we have put the Barbados Revenue Authority in place, we have completed the process of accrual accounting. We are bringing the procurement bill soon for the establishment of a new procurement authority in Barbados. But these are things that we have done in order to lay the groundwork for a sustained reform and a sustainability of the Barbados economy.

So I do not disregard what the Honourable Member for St. Peter has said. He is correct. These things have to be done. And if as a country we are serious about transforming our economy - both our society and our economy, both on the economy side but also on the social side - because we are going to engage now in that process. I think the Minister is ready to do the engagement on health care. We have spoken about education and we are dealing with solid waste management. So all of these big issues - these are big ticket items that we have to deal with and we have not shied away from dealing with them as a government.

So the Member is absolutely correct. We need to engage that discussion because it is not going to happen overnight. It is something that has to be properly crafted out and dealt with. But even as we do that, we have to continue those reforms that we know we can do to ensure that this economy remains viable going forward. Because what we relied on in the past we certainly cannot rely on exclusively - if we can rely on them at all entirely - in relation to ensuring that we continue to give Barbadians the standard of life and the quality of living that they expect.

So why should we look at this Bill and reflect on the very serious nature of the implications for it and we continue to fight about it? You know, if I were to put on a political stance hat I would say that this is not the type of legacy I really would have wished to see the first black President of the United States in part leave for the Caribbean. Because, you know, for all that is said about the Bushes and so forth and so on - the Republicans - they seem to do better by us in Barbados and the region than the people for whom we make the most noise. And I really do

feel it is disappointing that we cannot point to any major single initiative, other than something like this, that this current black administration in the United States would have been able to leave with us. I am not saying that as a criticism. I am just saying it as a fair observation as a student of politics - that this is what we will have.

I know a lot of us had major expectations when President Obama visited the Caribbean in Jamaica that we would have had some major announcement of a transformative initiative - that did not come, and it left quite a bit of us very disappointed. But you know, we plug on, because as Barbados we know that in this cruel international world, this very competitive and sometimes very cruel international environment, that we have to do the things that are necessary in our own regard whilst we work with whomever is willing to work with us to make life a lot better for our citizens going forward.

And Mr. Speaker, sir, with those few words I want to commend again the Member for St. James South for his excellent presentation of this particular matter. Even as troubling as it is, I am obliged to support it.

SUSPENSION

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that the sitting be suspended for lunch until 2.30 this afternoon.

The question that the House be suspended until 2.30 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

RESUMPTION

Mr. SPEAKER: Good afternoon, members. The sitting is resumed. When the suspension was taken, we were at Order 17 and with that we shall continue.

Hon. D. O'N. INNISS: Mr. Speaker, I want to widen the discussion on this matter first by quickly reflecting on the comments made by colleagues. I think that we have had a short but a very instructive discussion thus far in respect of this amendment to the Income Tax Act. I want to say, though, that a lot of the attention is centred around the international business and financial services sector. But I need to stress that the amendment that we are proposing here, and matters such as FATCA and those, do not relate exclusively to the international business and financial services sector. I think I need to stress that - I would not want anyone to leave today with the belief that this is all about the offshore business sector, international business, financial services alone. Because it really speaks to any individual or entity that operates outside of the United States that has assets in jurisdictions such as Barbados, or it speaks to exchanging information on taxpayers across borders, which does not relate exclusively to the international business and financial services sector. So an individual who is an American citizen and perhaps has sizeable assets in financial institutions in Barbados will be subject to FATCA irrespective of whether that individual is involved in international business or not. Matter of fact, I suspect that the majority of those who will be affected by this move really and truly are not in any way involved in international business or financial services, as you know. But really individuals who just may opt to reside here and have the asset base here. So I think that point needs to be stressed quite a bit.

And certainly with respect to FATCA, Barbados does not have a lot of American-based entities. Most of our entities and individuals involved in the international business setting are really Canadian and certainly are non-American. So I do not think that is applicable in this respect. But I do wish, Mr. Speaker, in thanking members, to re-emphasise the fact that even in respect of the international business and financial services sector, we still have a lot of work to do. This morning, in speaking to the Institute of Chartered Accountants of Barbados, I would have sought to help us to wrap our minds around the myriad of challenges that confront that particular sector - external factors and internal factors. And I note the comments of the Honourable Member for St. Peter in reflecting upon some of the internal challenges that of course relate to doing business in Barbados and the ease of doing business, or the challenges we face in doing business. And wise comparisons may be made with other jurisdictions who may be moving up. I do not think that it is entirely accurate to give an impression that Barbados is so low down on the totem pole that others are already bypassing us and moving on and we are doing nothing. Considerable work has been done in this area.

I think we have to realise in a very frank manner the challenge that we face in doing business in Barbados. We hear the reports occasionally; we do not just note them - we investigate them, verify, look at the accuracy of them and ask ourselves what are the things we can do better. For example, one of the issues that we have had in the international business and financial services sector was the length of time it has taken to renew licences that come under such a regime. And this administration took a position that we will go to the stage where, once the licence is issued, it remains in force until or unless revoked by the competent authority - giving effect to what we call an indefinite licence within the international business sector. That certainly has now made it easier and has respected those entities who hitherto would have raised concerns about not being in good standing come the end of December 31st when the licences were not renewed. And there are several government departments as well that have also fully embraced ICT as the way in which we ease doing

business. I mean, we would have seen the number of individuals who would have in the last two or three days been standing in line to pay property taxes in Barbados. And people get the impression, oh well, it is an awful thing to do business with government. We have not seen, or may not be aware of, the thousands who are actually doing their filings and other matters online, making it a lot easier for the system to function and to deal with large numbers. But we cannot rest on our laurels. There is obviously a lot more we have to do, and I certainly note and support the calls for us to work collectively to identify the challenges in doing business in Barbados and to find solutions - sustainable solutions, not one-off solutions here and there, but really and truly to find those that can work in an indefinite manner. I think it really calls for a change in culture and a change in attitude - not so much any change in policy or programmes, but in particular a culture that says that we can do things in a more timely manner without compromising on the quality.

So, Mr. Speaker, I therefore wish to thank the opposition bench for their support of this, their constructive criticisms on the issues before us. The fact that this is indeed a bipartisan issue, a national issue, because it speaks not so much about the sovereignty of Barbados, but the fact that external relations and international financial issues are issues that must know no party divide in many respects, and therefore I note the constructive support from the opposition benches. I did reflect upon the call for discussion to take place between the government and the opposition on international business. And I reiterate my position that I did write to the Leader of the Opposition in my capacity as Minister of International Business, inviting her office to meet with my ministry where we could bring her office fully up to date in terms of what has been happening in the sector and the way forward, and to really and truly build strong bipartisan support for the sector. The correspondence was received. I am yet to receive an official response from the opposition bench - a response in writing. But I note the call, the point today from the opposition leader and her deputy, that they accept the invitation, and therefore we move to fix the date at which the government and the opposition will meet on international business matters going forward. Yes, I have waited over a year for a response, and I note that the response came today. And I am very appreciative - thanks to the prodding of the Member for St. James Central - that the Leader of the Opposition accepted the invitation to meet with the Ministry of International Business after over a year of waiting.

So, Mr. Speaker, we can therefore move forward, accepting fully that there has been a paradigm shift in respect of the sharing of tax information on individuals and entities across borders. Barbados is fully on board. We are very active within the Global Forum arrangement and the OECD Tax Policy planning strategy. We serve as Vice-Chair. As I said, we are hosting the OECD Global Forum Plenary Session on the automatic exchange of tax information grouping here in October, and we look forward to very fruitful discussions. Barbados continues to champion and be the voice of the small international financial centres around the world. And we therefore expect that too will be a matter that we will continue as a government. Therefore, Mr. Speaker, I beg that this bill be read a second time.

The question was put and resolved in the affirmative without division and the Bill was read a second time.

Hon. D. O'N. INNISS: Mr. Speaker, I beg to move that you do now take leave of the Chair and the House resolve itself into committee for further consideration of the bill.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

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

On the motion of Hon. D. O'N. INNISS, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee without amendment and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. O'N. INNISS, the Bill was read a third time, passed and cited as the Income Tax Amendment Act, 2015.

Mr. CLERK: Order No. 16. In the name of the Honourable Minister of Finance, to move the second reading of the CLICO International Life Insurance Limited Guarantee Bill, 2015.

ORDER NO. 16 – CLICO INTERNATIONAL LIFE INSURANCE LIMITED GUARANTEE BILL, 2015

Mr. SPEAKER: Yes, Honourable Minister of Finance.

Hon. C. P. SINCKLER: Mr. Speaker, sir, the matter that we are drawn this afternoon to debate is a bill providing for guarantees to be provided by the Government of Barbados to CLICO International - well, to the government's company that has been established to manage the process of the restructuring of CLICO International Life. And for those guarantees to be made

available to securitize the issuance of bonds for the orderly restructuring of that company, the revitalization of the insurance portfolios of CLICO, the securitization of the interests of the policyholders, both in terms of traditional business, but also in relation to the Executive Flexible Premium Annuities, or EFPAs, that were sold and to ensure that those financial interests of those investors and policyholders are maintained and also that business can be reformed to the extent of either continuing in Barbados as a going concern on the new arrangements, or in fact following such, or in addition to such, be prepared for sale to an interested and credible buyer.

I think, Mr. Speaker, sir, given the national importance of this matter to not just the insurance sector of Barbados, the financial system generally of the country, but equally as well, the society in general, that it is essential that I beg your forbearance and crave your indulgence to speak specifically to the text which I have before me, so that the correct and accurate information can be read into the record of this chamber and of course for the consumption of members of the general public who have both an integral, intricate and intimate interest, but also those who may have an interest generally in this particular matter.

By way of background, Mr. Speaker, sir, you would recall that on the March 2, 2011, the Supervisor of Insurance - which has now of course been reformed into the Office of the Financial Services Commission - who as petitioner, having completed his investigations into the financial viability of CLICO International Life Insurance Company, or CIL as it is called, petitioned the Court of Barbados for an order that CLICO International Life be placed under judicial management. Of course, you know this would have come because certain assets and business operations of the entity had, from the middle of 2008 or so, become distressed because of certain financial issues that faced not just the company in Barbados, but which really originated from the CLICO International Life Company in Trinidad and Tobago. And the contagion effect, of course, spread to CLICO Barbados. The Court, by order on April 14, 2011, placed CLICO under judicial management.

If you would recall, Mr. Speaker, sir, in the early days of this exercise, the Government of Barbados, in light of what had transpired with this company, had asked, through the then Minister of Finance and Ministry of Finance, to have an oversight committee established to examine what really were the critical issues facing the company and to give a state of condition of the institution as it stood at that particular time. That committee, of course, was then headed by the former Permanent Secretary in the Ministry of Finance, Mr. William Lane, but including a number of outstanding Barbadians who had detailed and distinguished themselves in the financial sector or in other sectors that were particularly of important connection to insurance and financial services. And in the course of that process, it was discovered that there were challenges - fairly significant challenges - facing that particular company. And there was also a call, including from the Leader of the Opposition, who was the leader of the opposition then and is leader of the opposition now, in addition to other members of the society, that the company be placed on judicial management and administration of the court.

This was not entirely a new exercise in the sense that it was new to Barbados in terms of judicial management per se at this level, but not new in terms of financial interventions by regulators where insurance companies were concerned, because similar interventions were in fact made in relation to other aspects and other operations of the said company in other parts of the Caribbean, but also as well in relation to a sister company to this entity from the Trinidad-based company, that being British American Insurance Company.

So the Court, on the petition from the Supervisor of Insurance, issued the order and the company was placed on judicial management with the Judicial Manager being assigned to be Deloitte Consulting Ltd., through its agents Mr. Patrick Toppin and Mr. Oliver Jordan, and that was done pursuant to section 592 of the Insurance Act, Cap. 310. Of course, Mr. Jordan in the course of time subsequently left the company, but judicial management continued to be assigned, as was originally, to Deloitte Consulting as the Judicial Manager pursuant to its duties under subsection 61 of the Insurance Act, Cap. 310.

The Judicial Manager filed eight reports with the Court which outline the courses of action which in his opinion were most advantageous to the greatest general interest of the policyholders of CLICO International Life. Several of these reports outline the Judicial Manager's recommendations for restructuring of the company in 2011. In 2011, Mr. Speaker, the Judicial Manager proposed a regional restructuring plan to the Government of Barbados and the Territories of the Eastern Caribbean. The Judicial Manager did not receive the support he anticipated or that was necessary from local and regional governments for the proposals contained therein, causing that particular plan not to be pursued.

Throughout January to May 2012, the Judicial Manager sought to find suitable investors and/or buyers for CIL's business. For various reasons, including the unwillingness of potential investors to subsume the non-traditional individual Executive Flexible Premium Annuities or EFPAs liabilities into their portfolios, and a failure to show proof of assets to cover the actuarial liabilities of the traditional business of CIL's portfolio, no single buyer was found.

In December 2012, the Judicial Manager met with representatives of the Governments of the Eastern Caribbean Territories as well as what was then called the Eastern Caribbean Currency Union's Technical Committee on Insurance, or the Core Committee, and this led to the Government proposing a restructuring plan which was evaluated by the Core Committee and the Barbados and Eastern Caribbean regulators in 2013. In late 2013, due to further economic challenges facing all of the region including Barbados and the Eastern Caribbean regions, the Judicial Manager, in the absence of an approval of that plan by the ECCU and regional governments, proposed a phased implementation of that regional plan. In December 2013, the Judicial Manager presented to the Government of Barbados the first phase of the restructuring plan for CIL's business in Barbados operations.

This plan is what they commonly now refer to, Mr. Speaker, sir, as the Barbados First Plan. And it is important to note that "first" does not mean the Barbados Only plan. It is a regional plan which, basically, the Judicial Manager had hoped would receive buy-in from all of the Governments - both those here in Barbados where assets were located, and of course in the Eastern Caribbean Currency Union where assets are located. But since that was not forthcoming from all, it was proposed in December 2013 that we do a phased approach. And of course, the Judicial Manager recommended that we start with Barbados first and then move out. So it is critical to note that it is in fact a Barbados First, but not Barbados Only, because the Judicial Manager, and indeed the Government of Barbados and all observers, have maintained and accept that in order for this to be ultimately successful, it has to have the buy-in of all of the Governments. But by way of structuring, it is possible to proceed - as you will see from what I will say later - that we can proceed with Barbados first and then move our way along.

So the Barbados First Plan was presented to the Cabinet on March 27, 2014 and was subsequently approved by the Barbados Cabinet. After several consultations with the Government and having obtained the Cabinet's approval for this plan, the Judicial Manager filed a report on August 25, 2014 with the recommendation - and this report, of course, filed with the Court - which recommended that the Barbados First Plan be pursued, with such recommendations contingent on immediate Government funding. The report also indicated that should Government not be forthcoming, liquidation of the company would rest as the only other alternative.

In June 2014, the Government of Barbados approved the Barbados First Plan. The ECCU Core Committee, as they call it, proposed an alternative restructuring plan which the Judicial Manager found unworkable for several reasons, including the fact that the proposal called for the Government of Barbados to commit funds exceeding $300 million Barbados dollars - almost double that which was required under the June 2012 proposal. Subsequently, the Judicial Manager filed a report dated December 12, 2014, recommending that the Court make orders for determination of the judicial management and that the company be liquidated.

Sir, the Ministry of Finance then filed notice to be heard on the basis of Government's commitment to securing and implementing a solution which endeavours, as far as possible, to ensure that any loss of principle incurred by individual policyholders and investors should be kept to a minimum if at all allowed to happen. The notice also outlined the Government of Barbados' commitment to facilitating the provision of approximately Barbados $300 million in order to achieve the objective.

Throughout the period May to June 2015, the Ministry of Finance consulted with the Judicial Manager and outlined its alternative proposal to liquidation, and in June 2015 the Ministry filed several affidavits which collectively outline the Ministry's and of course the Government of Barbados' plan for the restructuring of CLICO International Life Barbados - Stage One of the Regional Restructuring Plan, or what we call the Barbados First Option. It must be noted that the plan formulated by the Ministry was of the same form and substance as the regional plan proposed by the Judicial Manager in June 2013, but on a phased approach.

In or around the second week of June this year, and subsequent to the filing of the affidavits by the Ministry, the Judicial Manager indicated to the Ministry of Finance that, in consideration of the plan as outlined by the Ministry's affidavit, it was a workable and viable option to liquidation. In or around the June 23, 2015, legal representatives of the ECCU, of the Barbados Investors and Policyholders Association, and individual policyholders themselves were invited to join the consultations between the Judicial Manager and the Ministry of Finance, during which time the Ministry's proposal - now with additional input from the Judicial Manager - was

extensively scrutinized. Stage one of the restructuring Plan as amended was reduced to the form of a draft consent order and with the support of the Financial Services Commission, the judicial manager and BIPA was placed before the court on 2 July 2015 due to the continuing financial deterioration of CLICO International Life. On 16 July 2015 the court ordered by consent that New Life Investment Company, which I will give further information on a little later down, shall transfer approximately $4.5 million to the Judicial Manager for the purposes of covering the shortfall funding for the operational expenses of CIL up to the 31st day of August 2015. It was further ordered that should the Court not approve of the Ministry's plan that CIL shall repay Enrico,

which of course is a Government-owned company, the sums which have been transferred. Of course, that is the $4.5 million to which I just referred, with such repayments paid from CLICO's assets in priority of all other liabilities. An initial tranche, I am advised, of $1 894 000 Barbados dollars was paid to the Judicial Manager on July 22, 2015. My understanding is from information I not too long received that a second tranche was transferred to the New Life International Company bringing the amount transferred from central government to that company to $4 million Barbados dollars. But that money is still being held waiting a request from the Judicial Manager for transfer to him. So the Government has transferred as much as $4 million, but only $1.894 million has actually been drawn down by the Judicial Manager to date.

On August 7, 2015, the Judicial Manager filed a supplemental affidavit in which he formally stated his approval for stage one of the original restructuring plan as outlined in the affidavits filed by the Ministry of Finance and Economic Affairs and the draft consent order. The Ministry of Finance and Economic Affairs recently filed several affidavits with the Supreme Court of Barbados in the matter for an application by the Financial Services Commission for an order that CLICO International Life be placed under judicial management. So as this process goes, I am advised that the Financial Services Commission, then Supervisor of Insurance of CLICO, now Financial Services Commission, would have asked for the order to be put in place. That order was put in place. The Judicial Manager was functioning. We have now come up with a restructuring plan that is acceptable, at least in the first instance, to the Barbados Government, which has approved at cabinet level that plan. The Court has ordered that certain resources be placed at the disposal of the Judicial Manager to meet the day-to-day recurrent expenses and liabilities falling due of the company up to August 31st this year, for the time being in the initial stages until the court can express its favour in relation to the plan which is before it. Those monies have been transferred to the company which Government established, which I will give you some more information about. The Judicial Manager has drawn down $1.8 million of those funds in payment of, in service of, those liabilities which he has at his disposal right now to be serviced. The rest to be drawn down - I believe before September 30, 2015 - the balance of that $4.5 million to be drawn down by then. And the Government of Barbados through the Ministry of Finance has entered various affidavits and consent orders in the Court of Barbados to have this restructuring plan accepted.

So that, Mr. Speaker, sir, represents what basically, in synopsis, represents what has transpired to date. Of course there are a lot of things which would have gone on between then that I have not referred to, and some of it specifically, Mr. Speaker, sir, because it is subject to, as the lawyers would say, sub judice - before the court. And some, in fact, are right now under the advisement of the sitting judicial officer, the judges, for decisions to be rendered. And therefore others, of course, are continuing subject, possibly after judgment is issued, to appeal. And I do not think it is wise, at least for me as Minister of Finance and acting on behalf of the Ministry of Finance as a key player in this particular respect, to go too deep into those things for fear of abridging the proper order of the court. But inasmuch as the taxpayers of Barbados are being asked through this bill to issue guarantees in support of this restructuring plan, it is incumbent on me as Minister of Finance and on the Government of Barbados to say to this Parliament - and also to which we are asking to express its favour for these particular guarantees - but as well, importantly, the people of Barbados, and also, of course, intimately, those policyholders who have their interests tied up in this company, to at least express for them what this restructuring plan generally is about. And therefore I take the opportunity to do such now with your indulgence, here on stage one of the restructuring plan.

The distressed portfolio of CLICO International Life as it relates to its traditional policies sold in Barbados - and I think I should make the point, even though I know members of the House are very familiar, but for those who are listening outside who may not be familiar: the company, these companies, have both traditional and non-traditional business. The traditional business is a traditional insurance-type instrument and also includes things such as traditional annuities. When we say non-traditional business, we are speaking about those extra instruments which would have been sold by the entity. And for this particular purpose we speak more of the Flexible Premium Annuities, or the EFPAs as they are so commonly referred to.

So under stage one of the restructuring plan, the distressed portfolio of CIL as it relates to its traditional policies sold in Barbados is to be rendered solvent and operational through the following restructuring measures. One, a series of capital injections, and I have spoken to some of that already. Two, restructuring of some liabilities, namely the EFPAs sold in Barbados by CLICO International Life, transforming these into 10-year annuities to be transferred to a new insurance company entity - a company to be established, as we call it in the language, a Newco. But I believe the name of the company is Resolution Life Assurance Company; I think that is the name that I am advised it will have. Three, transferring to the New Life Insurance Company, which is the asset management company, some liabilities, namely the corporate EFPAs sold in Barbados by CIL - and of course they were not only individual EFPAs, they were corporate EFPAs as well. Four, transferring to the new company, Newco, the new insurance company liabilities relating to the traditional policies sold in Barbados by CIL. And five, transferring the real estate assets of CLICO International Life to the New Life Insurance Company in return for the

property bonds which we speak about here in the bill for which we are asking for guarantees.

The detailed steps, Mr. Speaker, sir, of the plan are that key elements of the plan would look like this. The Government will be the guarantor of the bonds issued by Enrico to CLICO International Life. Remember, Enrico is the asset management company which would hold and manage the assets on behalf of CLICO, and in exchange it will issue bonds to CLICO International Life. And those bonds, which are being asked for here with the guarantee from the Government, will then be securitised, in addition to that, by the assets being transferred to Enrico - for the purpose of transferring these real estate assets of CLICO International Life in Barbados. Only the assets in Barbados, not the assets in the OECS. Remember, we are only dealing with the Barbados part of this. These bonds will be issued by October 31, 2015 and there are two options with varying amounts for the issuance of these bonds. Enrico will hold and manage the designated real estate assets of CIL in Barbados. These assets will be transferred to Enrico in exchange for the bonds to be issued. Moreover, Enrico will raise cash through the disposal of the real estate assets and other assets it acquires from CLICO to assist in the liquidation of the bonds issued to CIL and guaranteed by the Government. The Government will meet any shortfall arising as a result of this guarantee.

The Government will issue to the new insurance company, or the Newco, a demand note in the sum of approximately Barbados $215 million for the amount of any statutory fund shortfall - being the difference between the aggregate value of the current assets, eligible other assets and the bonds issued by Enrico, as well as the actuarial liabilities of CLICO International Life's traditional life and insurance business as it relates to the policies sold in Barbados. The demand note shall pay interest to the new insurance company at a rate sufficient to fund the expected monthly shortfall of the new company's operations, including monthly disbursement of individual EFPA policies which were sold in Barbados by CLICO International Life. The funding of the new company's initial operations during the first year of the restructuring will be provided through a loan from the Central Bank of Barbados. In a joint meeting held on May 22, 2015, the Judicial Manager informed the Ministry that the cash requirement for the liabilities of CLICO International Life until the end of December 2015 had been estimated at approximately $45 million Barbados dollars.

Individual EFPA holders of CLICO referred to above shall have their principal claims converted to 10-year fixed annuities at current interest rates at the time of conversion, with blended monthly payments should the operating cash flow of the new company be insufficient. After payment of claims expenses, selling, general and administrative expenses and other costs associated, the Government of Barbados shall guarantee the monthly blended payments of the interest and principal due on the restructured 10-year fixed annuities at December 31, 2013. I am advised that the principal amount of this guarantee would be in the range of approximately $130.13 million Barbados dollars.

A new company - a new insurance company, as I told you before - will be established to manage the policies and associated liabilities of the policyholders listed on the Barbados Register of CLICO International Life. The Government or its assignee shall be the owner of the common shares of that company. In other words, Government will own the insurance company, which shall have a nominal value on the date of the transfer of the identified assets and liabilities of CLICO International Life related to its Barbados portfolio. Corporate, Government and/or statutory boards' EFPA policyholders listed in the Barbados Register of CIL shall have the principal value of their EFPA policies converted into preference shares in Enrico, the New Life Insurance Company - that is the asset management company - and such preference shares shall be held together with all associated rights and entitlements. So for the individual policyholder EFPA holders, conversion into 10-year annuities paid over time with blended monthly payments; and for the corporate holders they will be given preference shares in the new company, of course, in which all of the assets of CLICO will now be transferred.

The mandate of Enrico under this particular plan will be as follows. One, to secure bonds guaranteed by the Government in exchange with CIL in return for CIL's real estate assets located in Barbados. Two, to hold and manage all of CIL's real estate assets in Barbados. Three, to facilitate the transfer of funds to CIL and to the new insurance company to fund operational requirements while stage one of the regional restructuring plan is pursued, and for any additional activities as may be necessary to the furtherance of the implementation of stage one of the regional restructuring plan. The Government has determined that Enrico's mandate should be expanded in the interim to encompass a transitional management and oversight role of Government's involvement in stage one of the regional restructuring plan.

The Judicial Manager's proposal for stage one of the regional restructuring plan included the establishment of a separate entity responsible for conducting the insurance business and which would assume the traditional policy liabilities sold in Barbados by CLICO. The common shares of that new company - which I referred to earlier, Mr. Speaker, sir, as the Newco, the new insurance company - will be owned by the Government of Barbados or its nominee. The Government endorses this proposal and has designated that the asset management company be the entity to own the shares in the new insurance company and to oversee its general management. This will involve the

assembling of a competent management team to manage the new insurance company until such time as either the insurance business of the new company or the new company itself can be divested.

So, Mr. Speaker, sir, it is not the intention of the Government to continue for any day longer than it has to be owning and operating the new insurance company, indeed, or indeed the asset management company. It is the intention to get this business back up and running, have it properly restored in the statutory fund and compliant with all of the rules and responsibilities under the Insurance Act Cap. 310, and find a buyer for it as speedily as possible. That will give a return to Government and the taxpayers of Barbados of all that it would have invested or been called upon to invest, but also ensure that the policyholders and investors are not sold short by any collapse of this particular company. So Enrico will ensure that the management of the new company develops and implements appropriate policies to ensure that the new company's liabilities are effectively managed and that financial statements are up to date and maintained going forward. Enrico, of course, because of this - you will see, Mr. Speaker, sir - has a finite life based on the above-mentioned purpose and mandate, and Government will resolve Enrico in a manner most advantageous to the country after: one, the new company has reached sustainable operational status and has been divested; and two, the status of the assets of CLICO International Life previously transferred to Enrico has been resolved.

Now, the options for transfer of the real estate assets - we can, because this of course is of critical concern and attracted our attention as well - the Ministry considered two options as it relates to the transfer of these real estate assets of CLICO International Life to Enrico in return for the property bonds. Now the Judicial Manager indicated that the ordinary liquidated value of these assets - that is the Barbados assets - will be $65 million. Generally, option one would require Enrico to issue Barbados $34 million in property bonds to CLICO in exchange for an equivalent value of real estate held in Barbados. This $34 million will correspond to the prorated portion of CLICO's assets relating to the Barbados liabilities. This would leave, of course, Barbados $31 million - remember, the top-line figure is $65 million - $31 million of real estate assets in CLICO International Life which would relate to the Eastern Caribbean Currency Union countries in terms of their liabilities. Enrico and CLICO would then have to enter into an agreement that would safeguard the interests of policyholders in Barbados and the ECCU in the event that there is any change in the value of the assets, up or down.

Now the major disadvantages of option one, when the analysts looked at it, were that: one, the real estate assets are not easily divisible, naturally, given the structure of this company; two, it would be inefficient and impractical to have the property portfolio managed by two separate entities - such management will lead of course to negative consequences. There would be increased administrative cost because you are dealing with two different entities. There will be an inability to take advantage of operational synergies. Decisions taken by one entity could necessarily affect and impact negatively on the other, and the overall efficiency and administration of it would become quite murky, or could become quite murky.

Now option two would require that the new asset management company, Enrico, would issue the total amount of Barbados $65 million in property bonds to CLICO International Life in exchange for an equivalent value of real estate assets held in Barbados. This $65 million Barbados dollars will correspond, as you recall, to CLICO's real estate assets in both Barbados and in the Eastern Caribbean Currency Union. As regards the liabilities of the company, Barbados $34 million in property bonds will be transferred from CLICO International Life to the new insurance company as the corresponding assets relating to the traditional insurance liabilities sold in Barbados by CLICO. This would leave Barbados $31 million of property bonds in CIL, CLICO International Life, which would relate to the ECCU policyholders' liabilities. This arrangement between CIL and the New Life Insurance Company, Enrico, would require an agreement which would prorate any appreciated gains on the real estate assets to allow the Eastern Caribbean Currency Union policyholders to benefit from this appreciation.

The implementation of option two affords the following advantages. One, the entire pool of real estate assets will be managed as one portfolio by one entity, thus increasing the possibility of realising synergies across the board. This arrangement is more likely to result in an appreciation of the assets on a resolution of those assets. Two, it provides the Eastern Caribbean Currency Union policyholders with a non-physical asset which does not carry the risk of deterioration inherent, naturally, Mr. Speaker, sir, in fixed assets or physical assets. Therefore, the option insulates the ECCU policyholders from any losses on the property portfolio. Three, it reduces the administrative costs of the regional restructuring plan. And four, the endorsement of this option demonstrates the Government of Barbados' commitment to assist with stage two of the regional restructuring process.

In view of the benefits to all policyholders, the Government of Barbados prefers - and I think I should make this point as clearly as possible, Mr. Speaker, sir - the Government of Barbados prefers, after analysis, the implementation of option two to facilitate the transfer of the real estate assets of CLICO International Life to the New Life Insurance Company, Enrico, in return for the property bonds. But we acknowledge that it would be more

prudent at this stage to proceed with option one unless the other regional regulators and governments can sign on, or do sign on, in agreement with the plan. Therefore, in order to ensure that the ECCU policyholders' interests are safeguarded, option one has been recommended to the court as a default option, with option two only being pursued if the relevant regulatory and governmental authorities consent to the regional plan.

Now, the number of challenges that would of course be involved in this - because this is not to sanitise it and make people believe that this is all smooth sailing and everything is hunky-dory going forward - there are challenges, and we have tried to address some of those challenges, at least some of the more substantial ones, as it relates to this matter. So the Ministry of Finance is cognisant that several key factors have to be addressed in order to ensure that stage one of the plan is of substantial benefit to the policyholders, investors and other stakeholders in this matter. Some of these factors of course are extensively listed in our affidavits. But I will outline a couple of those which I think are of benefit for the House and the country to hear.

CIL's lack of sufficient assets which qualify for inclusion into the statutory fund under the Insurance Act Cap. 310 will be addressed simultaneously, and it will be done for this particular reason: because as you would know, Mr. Speaker, sir, members of the House would recall, insurance companies operating within Barbados are required to securitise their policyholders by having appropriate assets in what is called the statutory fund provision, which is made under the Insurance Act Cap. 310. In that Act and under that regime, a judicious mix of fixed assets and liquid assets are to be pledged into that fund to cover policies which are underwritten by insurance companies. I believe, subject to correction, but I believe I am right when I say that mix is 80 per cent liquid assets, 20 per cent fixed assets. In other words, you cannot pledge more than 20 per cent of the covering portfolio in property and lands and all of those other things that we consider to be fixed assets, even though they are assets. And the reason for that is because those things are less likely to be quickly liquidated to provide cash if the insurance company ran into a difficulty and people called on that company to have their policies redeemed, or those policies became due and could not be met in terms of the liabilities. And one of the challenges that faced CLICO, as we know, was that it was asset-rich - it has substantial assets - but of course those cash requirements became a challenge at some point in time during its operations, so to speak. But that being the case, it meant therefore that for any restructuring plan to make sense, and for any new company to come and take that portfolio, whether it is a Government start-up company in this case,

or even for any new company to buy into CLICO, that it was necessary that those statutory fund requirements on the caps retained, the Insurance Act caps retained, were properly or are properly satisfied, because nothing is happening and nothing can happen. We can't proceed to any orderly restructuring of this business. We can't proceed to any sale. In fact, I think I should make the point that one of the challenges that face the Judicial Manager, and I think I would have mentioned it in passing earlier because a lot of people ask why it took so long and all of these things - when you put the company out and other people look at it to say, well, I was interested in buying at least the traditional part of the business, or I'm interested in buying the whole lot of it. Then the problem that cropped up was that there were not sufficient liquid assets to be able to pledge into the statutory fund, so whoever was buying it would have had to come up with money to put it in the statutory fund to cover the fairly enormous portfolio that existed. So if you want to sell the company now, if you restructure and you want to sell the company to somebody, you'll still run into the same problem if you did not have that. And this is one of the issues that the Government of Barbados is trying to deal with to make sure that we put it in a position where we can do that. So the endorsement of this option demonstrates, I believe, of course, the commitment of the Government in this particular regard. So that augmenting the new company's asset through the provision of the property bonds, the guarantee to fixed annuities and the demand note to cover any statutory fund shortfall - being the difference between the aggregate value of its current assets, other eligible assets, the property bonds issued by Enleco, and the actuarial liabilities of CLICO International traditional life and insurance business. The absence of the approvals of the regulators in all of the jurisdictions in which CLICO operates was raised as another issue. But that will not hinder, or should not hinder, the implementation of stage one of the restructuring plan, which seeks to implement a regional solution on a phased basis. This stage focuses on the recapitalisation of CLICO's traditional insurance business in Barbados in order to provide policyholders with the opportunity to be made whole with regards their principal. And remember, it has always been the commitment of this Government, as I believe indeed is the commitment of all who have looked at this, that the policyholders and investors should at least be able to be no worse off than having their principal investment secured. If we could do better, we would do better than that. But at least they should be no worse off than for what they have invested in this particular company.

The portion of CIL's real estate assets in Barbados which relates to the liabilities for policies sold in the Eastern Caribbean will remain in CIL until a satisfactory arrangement is made for the implementation of phase two of the plan, which is that for the regional governments. Upon successful completion of stage one of the plan,

regional governments, we hope, will be suitably inspired by what they have seen and commit the necessary support and financial resources to make the regional portion of the plan both feasible and successful.

So I want to make this point because I know a lot of things have been said and a lot more will perhaps be said as well. But I want to make this point, Mr. Speaker, sir - Barbados is not cutting and running and leaving the OECS. I cannot emphasise that any more than I can emphasise it, because the OECS is a critical partner of Barbados, not just a trading partner. Many Barbadian companies have interest in the OECS region. We are intertwined and interlocked with that region. Its financial and economic success - or if you want to look on the negative side, its financial and economic demise - if that happens, and we pray to God that never happens, that they will remain prosperous and grow and do well, but on either side will affect Barbados tremendously. And therefore it is not in the interest of Barbados to cut and run and leave the OECS on its own. And therefore what we are doing is to demonstrate to them our commitment to resolving this particular issue that has been presented to us. It is not a government failure; it is a private sector failure which the Government is doing - as they say in America - bailing out the private sector. We've had to do this on a number of occasions with entities, but that is what the Government is there to do: protect the interests of its citizens and its investors. And you know, we are the very port - yes, port of last call. If that is the case, then that is what we are.

However, I also make the point that Barbados, like all other Caribbean territories, is having its own fiscal challenges, having its own economic challenges. And we do not pretend or purport to have all of the financial wherewithal at our disposal at this time, or at least at any time in the foreseeable future, to be able to issue any grandfatherly bailout of everything financially for this or any other company. We simply do not have the resources. In an ideal world, we would prefer to do so. We would just wipe the slate clean and start from scratch. Unfortunately, our financial circumstances dictate that we do not and cannot do that. So that is why our position is that even though CLICO International Life, registered in Barbados, had carried on business in other Caribbean territories, the liabilities and assets which are held in those countries should be pledged towards the resolution of this particular problem that we have. Remembering again, as I said, it is not a government failure; it is a private sector failure with which Government is being asked to intervene for the good and orderly conduct of business in Barbados and the OECS. And to that extent, we are not cutting and leaving the OECS. We want to encourage them to join with us and share in that responsibility. We know and we accept that Barbados has to carry the bulk of the lifting. But where possible - and it is possible for other governments to help carry some of this load - then we invite and humbly suggest that those governments be encouraged to join with us in carrying this particular load.

So I think I had to make that point. And we have seen now - having said that - that in Trinidad and Tobago, where they have done a similar type of thing, that the company can in fact be resuscitated, can in fact be restructured, can in fact be placed back into the industry under a new name, new management, new rules and so forth and so on, and become a viable entity again - with the objective, of course, as I said, that once that occurs, that we find a buyer so that the Government can begin its transition and exit of this particular solution. Because I do not believe, as Minister of Finance - and I am sure that this is shared by many on both sides - that it is the Government's business to be involved in insurance. I think we've passed that stage already in our existence. We've been there, we've done that. As the people have said, we've done it with some success and some failures. But we've been there and done that. And I don't think, given the tremendous evolution of the private insurance sector in Barbados, that the Government of Barbados needs to demonstrate to anybody that it needs to be involved in that sector. That is already taken care of. And we've done wonderfully well over the years, albeit for a few blotches which have concerned us. Our job is to ensure we have robust, efficient and credible regulation. That is what we aspire to having. And we are convinced that, having moved expeditiously in the height of this particular matter to establish the Financial Services Commission, that even though it is still an embryonic organisation in every sense of the word, given its age and its newness, that it has distinguished itself in that very short time as being a competent regulator with fulsome human and other resources at its disposal to ensure that this type of situation never recurs in Barbados again, or will not likely recur in Barbados again. And I think that is to the credit of the Government of Barbados.

So we're seeing, Mr. Speaker, sir, how - you know - people say it would take forever to do these things, but we've taken our time to find the appropriate solution. And whilst we were doing that, we were putting other things in place to the extent where now international assessors can come every year and do what they call FSAC reviews, not only of the Central Bank as regulator for commercial banks, but the FSC as regulator for non-bank financial institutions, and give us passes with flying colours as to the work which we've done to ensure that we upgrade our regulation of these entities.

One of the other issues raised, Mr. Speaker, sir, is the question of the need for sufficient expertise and human resources to operate and carry out the business of a new insurance company. And these matters will be addressed of course by the board of Enleco. That board, of course, Mr. Speaker, sir, is chaired by Mr. Colonel Goodman, who of course is himself a competent and distinguished financial

administrator, and involves several persons with experience in executive banking and finance, in insurance regulation. I believe a former Supervisor of Insurance sits on the board - Mr. Graves - and other people who have participated at the highest level of financial regulation, banking and finance management, executive insurance management, law and of course business regulation. We have also included on that board representatives from the Barbados Investors and Policyholders Association - people who, as they will be funding policyholders, are representatives on the board of the new insurance company as well. So we've sought to be as inclusive as possible and to build a general mould of credibility around both of these companies. And we are satisfied that any concern regarding the availability of skills in Barbados - seeing that we have such a vast number of persons now in this insurance business in Barbados, in banking and finance, who have distinguished themselves, some of whom have retired and have gone home and are still very active and would very much relish the opportunity of a challenge to put something like this back on stream - we have at our disposal, of course, if we can't find that talent in Barbados, we can import it. We can have it come over from our OECS sister islands under the Single Market and Economy. Under the Single Market and Economy, of course, with the movement of persons for professional purposes, so that once the requirements of the plan are met for the Newco, that Newco will then begin functioning, we hope, and become fully functional and operational, and it will be fully compliant with the statutory fund requirements.

It is envisioned that a buyer will then be found either for parts of the insurance portfolio or hopefully for the entire business operations. Stage one of the restructuring plan proposes that the restructuring of CIL and the capitalisation of the new insurance company before a search for a willing buyer could be found, on the basis that a functional, non-distressed portfolio or company is more likely to attract the interest of a buyer than one which is currently in distress. So we are working towards basically cleaning up the operation, securitising the policyholders and investors, putting the thing back out on new management, putting it in a position where it is functional and non-distressed, and then having the persons who may have previously expressed an interest but couldn't take it because of the challenges - or new persons who may want to come and invest in it - come and buy the company and let's all move on happily with our lives.

The objective, therefore, of the Ministry of Finance, Mr. Speaker, sir, is to facilitate the establishment and the sale of the new Insurance Company within 12 to 18 months of the approval of Stage 1 of the Regional Restructuring Plan, should the Court in Barbados approve of that plan.

So, Mr. Speaker, sir, in coming to the close of this particular part, I want to reiterate - or certainly to iterate - the advantages of having this plan. One, it contemplates a transitional management and oversight role for the Government in stage one of the restructuring plan. Two, it envisions the establishment of a separate entity responsible for conducting insurance business and would assume the traditional policy liabilities sold by CLICO in Barbados. Such an entity will be managed by a competent management team until such time as either the business, insurance business, or the entire entity, as I said, could be divested. This separate entity has been incorporated in Barbados, I am told, established, and it is to be called Resolution Life Assurance Company - ResLife. And that was done on July 31, 2015. Three, it is likely to provide a viable option under which policyholders have the opportunity to gain higher returns on their principals. Four, it allows for any appreciation of the assets to be realised to the benefit of the policyholders and investors. Five, regional support, of course, though not necessary at this stage, is securitised as the Government of Barbados is awaiting the positive decision from those regional governments. Six, it envisages that the distressed portfolio of CLICO, as it relates to the traditional policies sold in Barbados, to be rendered solvent and operational through specific restructuring measures as outlined above. And that, sir, I hope, will bring us to a stage where we can move on from this situation where we have been in since - basically - 2010, 2011, as it relates to this company.

The alternative, sir, to this - since there is no other real plan on the table - is the liquidation of this company. I am afraid, Mr. Speaker, sir, that even though liquidation is something that may excite certain people, it is not, from our assessment, in the best interest of the policyholders and investors to have this company liquidated. Indeed, Mr. Speaker, the Judicial Managers have themselves conceded by their own submissions that if this company were liquidated at present, the existing policyholders could only likely recover no more than 22 cents on the dollar of every investment. And that would be a substantial blow to them. But it will be a substantial blow - if this is liquidated - to the entire economy of Barbados, and indeed to the financial services sector specifically in Barbados.

Liquidation will result in the dissipation of CLICO's assets, since most of these assets are long-term and illiquid in character. However, there is a real possibility - probability - that liquidated values will be substantially lower than fair market value, as liquidity is highly specific to and dependent on the nature of the asset being sold and the depth of the market in that asset. And these, of course, Mr. Speaker, sir, I should say, are the comments of the Central Bank of Barbados, who were asked to analyse this and of course issued some of those comments. In the case of real estate assets, for example, land liquidity tends to be lower than for more homogeneous financial assets such as stocks or bonds. It is therefore almost certain that the claimants to the company's assets would receive only a

fraction of the book value of those claims, which of course is what I had spoken to before.

Now, among the assets of CLICO are some very special and prized lands in Barbados under what is called Todd's Estates Limited. And these relate to substantial plantations such as Henley, Wakefield, Bomerston, Clifton Hall, Poole, Hudderstall, Ellesmere and Todd's Plantation, most of which are located in St. John or in nearby St. George. With such a significant holding in a relatively concentrated geographic area, the disposal of these assets is likely to be protracted, and even in the best of environments - and we are not in the best of environments, certainly not in the ideal environment - you are likely to get, if you were to put those up for sale right now and liquidate those, reductions in value. Yes, you'll get a buyer's market. You'll get far from what would be considered to be fair value for the actual cost of those assets.

Liquidation, of course, Mr. Speaker, sir, will inject a degree of financial instability into the financial system, as the valuation of the real estate portfolios of other financial institutions will also be negatively affected. This is especially so for insurance companies that have substantial exposure to real estate in Barbados. The effect of this liquidation could spill over into groups such as Barbados Farms Limited - which of course have lands all around these ones as well - which has a substantial portion of agricultural properties, which is owned of course by Sagicor, which is another insurance company, as this would also be affected by the collapse in the values of these properties. The general loss of confidence engendered by the failure of the authorities to rescue at least some part of this company as a going concern will strike at the confidence of the authorities' ability to manage the financial system in Barbados. Whilst the Financial Oversight Management Committee via the Financial Stability Board report has brought a new level of transparency on the insurance issues into the public domain, substantially more remains to be done in terms of enhancing the regulatory framework for insurance in Barbados. To add to the general sense of unease by premature liquidation of CLICO would be considered generally and accepted to be injudicious at this time, and of course will affect the growth and development of that sector in particular.

So, Mr. Speaker, sir, in light of all of this, the Ministry of Finance maintains that the Regional Restructuring Plan provides the fairest and most efficacious solution that is likely to result in the investors and policyholders yielding higher returns. Although regional support is preferable, it is not essential for stage one implementation of the plan as above. Upon successful completion of stage one, we hope that investor and consumer confidence will rise - in fact, we expect it to rise - and regional governments are more likely to join in the plan so that the full plan can be executed as a feasible and credible plan. The Ministry of Finance is currently awaiting the decision of the Court of Barbados on stage one of the plan. But in the meantime, it is taking all of the steps necessary, administratively and legally, in terms of the background steps, to ensure that the necessary work and framework - legal and otherwise - is put in place to ensure the successful implementation of stage one of the Regional Restructuring Plan. The Barbados Government stands ready to discuss with the other governments, as I said, in the ECCU, on a resolution for CLICO's policies that were sold in those jurisdictions. The Government has included measures in stage one to safeguard that portion of the assets in Barbados which relates to the OECS policyholders, and is also ready to assist with the financial support to a resolution of those - of course doing so to the extent that we can fiscally, but equally as well encouraging other governments to participate in carrying, as I said, the weight of that particular resolution in full.

And so, Mr. Speaker, sir, the reason that we are therefore drawn in this House for this - what would appear to be a simple, but it's not so simple - exercise of asking the Parliament to support the Government's issuing of a guarantee to securitise the bonds that will be issued, is to have put in place the necessary instruments that will allow for this restructuring to go ahead.

Now, Mr. Speaker, sir, this is not new. I'm saying this is not a new method of doing this. We have done bonds - guarantee of bonds - for various exercises, one of which, of course, Mr. Speaker, sir, was, as you remember, the old sugar bonds which were issued in the restructuring process for the old sugar industry in the first generation reforms. We've also had a guarantee of bonds for the UWI. I don't think we've ever used that, but we may in fact be doing that soon as we seek to deal with the arrears which Government has for the University. There is a matter that will be coming here for the judgement of the Parliament in relation to an amendment to facilitate the Government getting that support to the University of the West Indies. So it is not - this kind of thing is not new. We've done this before. But of course this one has fairly large and substantial proportions in relation to the exercise that we are doing.

So we are calling on the Parliament of Barbados to allow the Government the space to be able to have these bonds that are to be issued - as I said, by the new life insurance company to CLICO - in exchange for the assets which will be lodged within that company. And of course to support the work of the new insurance company which will be responsible for the management of the insurance business, traditional business of CLICO sold in Barbados. And the demand note to be issued by resolution of both Houses of Parliament for an amount not exceeding $215

million, which will be paid into the statutory fund in satisfaction of the requirements of that fund under Cap. 310, the Insurance Act of Barbados, so that the new company can have a new lease on life to go and conduct its business.

So, Mr. Speaker, sir, I think that I have tried as best as possible to cover the issues relating to this particular matter as it relates to the restructuring and orderly restructuring of this process - to bring relief to the policyholders, to restore confidence not only of investors but policyholders in the system, to protect the critical part of the financial sector of Barbados, to securitise the Barbados economy from the contagion fallout of a collapsed CLICO, and of course to ensure that generally in our society it can be said that the Government of Barbados did not see a calamitous situation facing people in Barbados and did not use its best endeavours to satisfy them that it was shielding them from such a calamity. So in the context of that, Mr. Speaker, sir, I beg to move that this Bill be read a second time.

Mr. SPEAKER: Yes, Honourable Member for St. Michael North East.

Hon. Miss M. A. MOTTLEY: Thank you very much, Mr. Speaker. Sir, Mr. Speaker, about 67 months ago - six years and seven months - is when the issue of CLICO first came before this country and the region. And over the course of those 67 months, the stories have been heart-wrenching in relation to the implications and the consequences faced by many of the policyholders, traditional policyholders, persons awaiting pensions, EFPA holders and the Barbados Labour Party. Even when we spoke in the no-confidence motion that was brought 66 months ago in February of 2009,

we have been consistent on two matters as it relates to CLICO. One, that the policyholders ought to be treated with priority and that their funds, as far as possible, they ought to be made whole in relation to their funds and savings. And two, that there ought to be accountability and that to the extent that accountability is sought, that assets need to be traced, even if it means whatever action has to be taken, such that we minimise the cost to the taxpayers of Barbados in making people whole.

Today is therefore a day that causes us to be hopeful, and I say causes us to be hopeful in relation to the first component, that policyholders and the EFPA holders, and certainly the individual ones - and I'll come to the rest later - may well be in sight of receiving some of their funds, if not the majority. Today is not the day for us to deal with the issues of accountability because I don't want in any way to dilute the focus on what ought to be the policyholders today. And I say that up front in this debate.

I am concerned, Sir, that the Government has taken as long as it has in bringing resolution to this matter. And we haven't made any secret about that because literally many families have been hoping to receive these funds in order to live, particularly given how difficult the economic environment has been. Having said that, however, I am equally concerned that the opposition, and certainly members of this Parliament who are not in Cabinet, would only have received - and certainly in the opposition - 96 hours to be able to review the current proposals that have been outlined by the Minister of Finance in this matter. In these circumstances, we cannot say yea or nay to the methodology, but we are happy that efforts are now being put in place that will allow the policyholders to be able to hopefully access some of their funds in the near future.

There are some concerns, and I say it for what it is worth, because the Minister spoke - the Honourable Minister spoke - I must say, as if he was reading from a legal document. He had the benefit of many, many pages. He has had the benefit of many months and years. And we will not have access to the same details that he will have had, nor has the opposition been given an opportunity to be apprised in detail of the details that have been put before the Honourable Chamber. And therefore, I speak more in terms of the standard to which we expect the Government to adhere in its execution of this matter. I speak more in terms of the pitfalls that we believe may confront us in these circumstances. And I urge the Government to ensure that it minimises the timelines that policyholders will have to wait to receive the funds.

And let us therefore start as to who is likely to receive funds. Based on what I understand from the Minister of Finance - and he may feel free to interrupt me at any time because, as I said, he had the benefit of a written script and I could not write as fast as he was reading - but based on what I understood from the Minister of Finance, the traditional policyholders will have their policies honoured with the new subsidiary of Enliko that is now to be formed according to the bill that is before us. Two, that the individual EFPA holders will have their EFPA - the Executive Flexible Premium Annuity policies or annuities - converted into 10-year annuities which will guarantee them both principal and interest over the course of the 10 years. And that the Government of Barbados will meet any operational cash flow deficit that accrues as a result of meeting that 10-year annuity to the persons holding the EFPAs individually. And three, as I understand it, there is to be no cash settlement for the corporate Executive Flexible Premium Annuity holders.

Let me start perhaps at that one before we go any further. The difficulty that the Honourable Minister of Finance might confront - and the Honourable Attorney General ought perhaps to weigh into this matter - is two things. One, timing of this bill here, and two, limits. The

law itself, as I understand it - and the Minister may feel free to interrupt me at any stage - again, this matter is a live matter before the courts of Barbados. We are awaiting a judgment from the Honourable Mr. Justice Chandler, I believe. And technically speaking, this is a sub judice matter. Now, I understand that the Government is trying to put a framework in place, but I'm not so sure that there is wisdom in so doing it in advance of a judgment being delivered by a judge of the High Court. Indeed, I wonder whether the Attorney General has signed off on this bill, cognisant that the actual bill before this House may prejudice the rights of litigants in breach of the Constitution of Barbados.

But I do not want to get into a contentious legal debate today. And I say this to the Honourable Minister of Finance, who is not a lawyer, for what it is worth. I say to the Honourable Chamber in the hope that the Chamber may decide to pause and let us freeze our actions here, lest it be felt that the Parliament of Barbados and the Executive of Barbados are seeking to thwart and undermine the judiciary of Barbados in relation to a ruling that is live and hot before the judiciary. And I say it without any compunction or any edge because I do believe it is akin to - if there is a matter before the courts and the Parliament seeks to pass legislation before the judge can rule - we may appear to be improperly placing ourselves in contempt. Now, I listened to the Minister very carefully. I didn't get the impression that was the intention of the Minister and therefore I say it in the manner in which I'm saying it now. And quite frankly, the benefit of pausing, even if it means we come back in a week's time or two weeks' time or three weeks - I don't know when the judge is due to give his judgment - is that it also allows us to better assess the proposals which have been put on the table without appearing to interfere in the process with the judicial ruler.

Secondly, the corporate EFPAs - and I speak now after 25 years of law as well. The law, and the Insurance Act in particular, does not allow us to discriminate between individual and corporate EFPA holders. It simply does not. And you need to go back to the sections of the Insurance Act passed by this Honourable Chamber which in fact defines - section 2, Life Insurance Business - defines at section 3, Insurance Act. Read the Interpretation Act of Barbados to better understand what it is you are reading. Male and female persons, corporations, whether aggregate or sole, and incorporated bodies or persons are all defined as persons. All. There is a famous case with a former Miss Barbados who got off in terms of the Interpretation Act and the definition of person on another line. But suffice it to say, Mr. Speaker, that we have a situation where the intention to treat the corporate EFPA holders - and we're not making a case now for corporations - who are they? I believe that there is a leading media company, for example, whose pension fund - who is really the beneficiary holder of the pension fund? It is the workers. So we're not talking about a nebulous body that nobody knows about. We are talking about people who are workers whose pension funds have been invested in good faith in CLICO and who are not known to receive a cent in return but are to be given preference shares in the asset holding body.

Now, for those who are not lawyers, what does that mean? A person who has an annuity - should things not work out and should there be a bankruptcy - they have standing to draw money as a creditor of the company. A person who is a holder of a preference share, they fall way, way down the totem pole because to begin with you can only benefit from a preference share in these circumstances if dividends are declared. This is not a company that is trading; this is an asset holding company, if what the Minister has indicated to us is so. So that is the first problem. The second problem is that if for whatever reason Enliko has to wind up or becomes bankrupt, the holders of the preference shares come way, way, way, way down the totem pole. Now who is being affected? Some people might say, oh, you're talking about Social Security schemes down the islands. We're not talking about that alone. We're talking about Barbadian workers. I don't want to call the name of the company because I don't want to be invidious, but Barbadian workers' pension funds. So we mean that these workers will not benefit. And that is the point that I want to make. To the Minister it may seem acceptable to say, oh, let the corporate ones hold shares because they're accustomed to holding shares - that is not the case. These are pension funds of ordinary workers and these workers will not have the right to get back their money. They're going to get preference shares. And preference shares cannot be of the same standing as a fixed 10-year annuity. So that is likely to present more challenges in the future going forward for the Minister, legally and otherwise. Because the other problem is you cannot discriminate amongst the same policy class of policyholders within an insurance company. So that this thing is still riddled with legal problems.

My role today is not to get into the law or to get into the legal issues, but to say sufficient to the Minister and to the Government and to say, look, let us pause, let us allow the judge first and foremost to rule. We know that there is a caveat from the Eastern Caribbean Currency Union. From what I read in the paper, I don't know what the details are, but suffice it to say that from my own knowledge of the law, the Eastern Caribbean branches were just that - branches. There is only one legal entity at stake here and that is CLICO International Life Barbados. Therefore the property - and it is not a segregated cell company - so the property cannot be divided up in pieces. Who determines which property stays? Who determines which property goes to match the $34 million or the $31 million? Because CLICO International Life is going to have to transfer property to match the bonds that the Government of Barbados is guaranteeing. So how do we determine which

is the $34 million in property that stays or goes? Because the Minister will have to remind me which one was $34 million and which one was $31 million.

Anyhow, whichever it is - so you have $65 million in assets. Stage one says $34 million comes out to match the bonds being guaranteed by the Government of Barbados. How do we determine which $34 million? Because the liabilities of CLICO to the Eastern Caribbean branches are still there for CLICO to satisfy. And then the most important issue is: can the Minister tell us whether the shareholders of CLICO have signed off or are aware? Because even though the company is under judicial management, the Constitution of Barbados says that there can be no deprivation of property unless there is due process - so that you cannot take away the property, even though there is the judicial management, and particularly with the remaining liabilities, unless you can at least say that even in a bankruptcy and an insolvency, that the owner of the company has had the chance to know, the shareholders have had the chance to know what you are proposing to do with their property. Because the truth is that if in any way the assets end up being more than the liabilities, the residual goes back to whom? To the shareholders. It is no different from a bank exercising its right to foreclose - they can't do it while ignoring the rights of the house owner. So that the Minister, perhaps in his wind-up, needs to tell us - or unless they agree to send this to select committee or to freeze it or do something in the meantime - but they need to tell us what has been the verdict of the shareholders of CLICO International Life and CLICO Holdings Barbados, who ultimately, I believe, from my understanding of the corporate tree, is CLICO Trinidad.

Then there is the issue, Mr. Speaker, that ought to concern us as to the general governance issues. The Minister indicated that they will be putting in - and let us quantify the amounts to the extent that we can - potentially guaranteeing $65 million in bonds. And given what the Minister said, I assume that only $34 million will go now and the other $31 million will have to await an approval by the Eastern Caribbean governments for phase two, should they agree. And I'd like the Minister to clarify that for me. I'm prepared to sit down for him on a point of elucidation because, as I said, I was writing but not as fast as he was speaking. So is it that only $34 million in bonds will be issued now to match the property for Barbados? Because the bill speaks to $65 million. But in your speech you said that $31 million in real estate really relates to the Eastern Caribbean. So is it that the Government only intends to issue $34 million now or is it issuing all $65 million now? But I'm asking a question for you to elucidate - is it $34 million or $65 million?

Mr. Speaker, I was hoping to be informed since I don't have a copy of the written brief that the Minister has, and it is a genuine issue because the quantification - the quantification as to what the people and taxpayers of Barbados must now put forward. As I said, today is not the day we will deal with accountability. But ultimately, what we are asking for is the farmers, the retailers, the taxpayers, the households of Barbados to foot the bill. Because an incident happened at CLICO that caused CLICO not to be able to meet the obligations that it had to the policyholders. And in the circumstances, at a time when the Minister of Finance in other voices would want not to increase his debt, we are going to have to find a way to avert a loss of confidence in the financial system of Barbados to cover what is before us. And in the circumstances, it therefore means that Barbados' debt-to-GDP ratio will increase. If our debt-to-GDP ratio increases, it means that the Minister has less flexibility to meet the needs of ordinary Barbadians in relation to things that may have to be done for the police in relation to the fighting of crime, things that may have to be done for the tourism sector, things that may have to be done for the agricultural sector.

Because you cannot - you cannot - Mr. Speaker, I can understand why the Attorney General is so agitated, because if I had certified this bill here, I would be just as agitated as he is. That is the truth. But in the circumstances, Mr. Speaker, the point is that $65 million is what the Minister has indicated we are at risk of in terms of bonds. Then there is a demand note for $215 million, which would have to be regarded as a contingent liability, Mr. Speaker. Then there is the unquantified amount for meeting the operational deficit shortfall for the Executive Flexible Premium Annuities - the individual ones. I understand that those are about $120 million to $130 million in principal. I don't know what the interest is. But assume, Mr. Speaker, that is probably another $12 to $15 million dollars a year for 10 years. This is costing the taxpayers of Barbados. We understand why we have to do it. But let us not pretend that it is something that we have come to or we wish for. Because if CLICO had managed its affairs properly, if CLICO had not been the subject of egregious and arbitrary expenditure, we would not be here today. And let us get that straight now.

The importance of stabilising our financial system is something that matters to all of us. And the importance, Mr. Speaker, of making sure that individual families - some of whom have passed, have their chief breadwinners passed away without being able to get back the money that they invested in CLICO - Barbados is littered with stories about it. And for six years we have made the comment to Government: let us get this issue resolved. I am not going to be a hypocrite and come in here and curse the Government for resolving it. I am glad that they resolved it. But I am saying that there are minefields - and there are minefields that may prevent the very same Government from being able to satisfy what it wants to satisfy here.

Now this Government likes to be wrong and strong. And hence I have said that not seeing the methodology, I can't say yea or nay to the methodology. But I will repeat the desire for the persons to receive their funds. Remind the Government that the things that I am drawing to their attention are worthy of consideration if they really have a desire to do something without creating additional problems in trying to solve. Because you can do the right thing in the wrong way and cause more problems than doing nothing. And that is the case in relation to the fact that the Eastern Caribbean does not have its liabilities in a separate company. It is the same company that the Government is seeking to extricate $34 million in real estate assets from now. You can't - remember the Member for St. Philip North knows basic company law and he knows that the property belongs to the company. And he knows that in the same way you cannot bring and take action - well, you may have to advise me of that, Mr. Speaker.

This is a serious issue. I really will not be distracted by the Member for Christ Church South whose voice is intended to be able to distract those who are hearing on the radio. But the truth is, Sir, this is a serious issue. And it is a serious issue because you can only perform within the parameters of the law, so that we have a situation where there are genuine concerns on this side, even in spite of wanting to do the right thing. But let us not do it in the wrong way. We have had this bill for 96 hours. This is an issue that the Government has been trying to resolve for 67 months - six years and seven months. And I am saying that if we are truly interested in resolving it in a way that does not cause additional problems, then pause and listen to the comments.

In all seriousness, there is likely to be an implication for the macroeconomic stability of the country. We understand that and the consequences, and indeed every single report - and the Labour Party has been consistent in telling the Government this for years, the last few years - that when you bring to book the cost of CLICO, it is going to have an impact on both the deficit and the debt. And therefore the Government ought to have, as far back as five years ago, been making decisions knowing full well that it had a previous Prime Minister and a current Prime Minister and a Governor of the Central Bank that had given commitments to the policyholders. So if you know that you have to spend X money next month, are you going to go and lick out your hand this month such that you're not in a position to spend the money next month without serious consequences? And those were the things that we were saying to the Government all along.

That we have reached this day we are grateful for. And in fact, today is only the day of promise. The Minister told us last December the company had been formed. We subsequently discovered it was formed at the end of January. So we understand that sometimes there is a hiatus between announcement and execution. But the bottom line is that there are too many families in this country who have literally been marginalised or who are literally waiting for this money to stave off the bank from taking up the house, to be able to continue to do things in circumstances where they don't have the disposable income and in some instances any income at all. And all we are saying is: pause and get it right.

Equally, if the Eastern Caribbean continues to feel that we have offended them and breached their faith - because I noticed that the Minister said that there are a number of people who feel that Barbados is breaking for itself. He has told us that is not the case. I trust him in this respect. I hope that is the case. But the belief that you can take out property from a company and leave property remaining in the company - who makes the decision as to what property comes and what property goes? That becomes the subject of a row in itself. Who makes the decision as to when those liabilities will be met? Who covers the cost of the judicial manager as it remains in CLICO? All of these are issues that can leave a sour taste in the mouths of other policyholders in CLICO if we don't get it right.

And I sense that instead - you know, the former Member for St. John once told us, when we were trying to resolve the fishing agreement, that these are matters that can be settled over a bowl of soup in concept. Obviously it is a matter that the Cabinet ought to take to heart, because have they spoken to their compatriots in the Eastern Caribbean to ensure that the one company that exists does not end up being the subject of further litigation in relation to the resolution of this matter?

I believe, Mr. Speaker, that this issue is far from over, regrettably. And the only way we can make it over is by all of the countries signing on the dotted lines and expressing satisfaction. That Barbados should have been asked to carry the entire amount is not acceptable either. And that may well be that there are other assets that Eastern Caribbean governments may have to put on the table other than cash. There is a lot of Crown lands. Crown lands also can be held by the asset holding company here. But what we cannot have is missteps in relation to this matter.

I am also concerned that from all I have heard, we are capitalising a company in minimal terms with a deficit that is five or six times the level of what the capitalisation of the company is. How is the company going to survive? And are we only assuring that we provide funds for the company to the end of this year, to the end

of 2016? What happens thereafter? Let us get real. How much ever you put a new company brand out there,

Barbadians are going to be tentative and we want to see it develop a track record before putting their money in it again. So are we not setting ourselves up for further failure by not ensuring that the appropriate capitalisation of the company is taking place?

I am also saying, Mr. Speaker, that we have to be careful, sir, about not asking persons who help resolve the issue to be part and beneficiaries of the solutions that are being put in place. And I say no more at this stage because the country cannot take any more tainted governance in relation to cliqueal matters. That the one thing that has to happen is to ensure that people appear to be totally, totally, totally at arm's length in relation to this matter.

When I asked the Minister of Finance, I was not being facetious as to what is the level of bonds that he's raising to put into the company. No. And the benefit. The trouble is that when he speaks, I don't have a right to speak again. And therefore when I say are you raising 34 million or 65 million in bonds? It is a simple question and it is a question that I really would like to know because it tells us whether the majority of the money is going to be going in fact to the policyholders or whether the majority of money is going to be going to meet other expenditure that is not the policyholders.

I would expect a breakdown of how those funds are to be used. Is it 5 million to the policyholders of 30 million? Is it 10 million? Is it 15 million? Is it 20 million? There ought to be clarity at this stage in order for us to be able to give the level of support to the principle of compensating the policyholders while at the same time holding back on the methodology because of the absence of information to us.

Is it a case that this money is going to be used to make sure that companies owned by CLICO are brought up to date with money owed to the banks? Because if that is the case, I would tell you that those banks can wait on any property or any money that is owed for property. What we are supporting in the opposition here today is money to the policyholders. Not to the judicial manager, not to Republic Bank, not to all of the other people who are to draw large fees.

So I want the assurance from the Minister of Finance that in truth and in fact that the payments will be predominantly - and predominantly means 60, 70 per cent, 80 per cent - predominantly to the policyholders. I also want the assurance from the Minister of Finance that we will not be engaging persons who may have a conflict of interest because of previous activities in helping to resolve future development dealings with the new insurance company or the new asset holding company.

We want the assurance from the Minister of Finance. He spoke about the prized lands in St. John. Will those prize lands constitute the 34 million that comes to Enrico or the 31 million that stays to the Eastern Caribbean government if they choose not to come in? And who determines that? And that is why I asked whether the shareholders of CLICO have been consulted at all. And is the $65 million in this current economic environment truly a realisable amount in terms of the value of the property, given the considerable diminution in economic activity and the decline in property values in Barbados and general goodwill values for businesses across the country?

These are real issues because you can put anything down on paper, but you can only get what somebody is prepared to pay for it. And I therefore say to the Honourable Minister of Finance, these are some of the things that, in our view, that can cause you trouble between where you stand today and where you want to be in making the policyholders whole. And we trust and pray that these are some of the things that you will reflect upon and hopefully that you will share the information with the opposition about, because we are now flying blind. We're flying blind. We listen to you for an hour and are supposed to give you a judgment after an hour of listening to you without even a policy paper being put in our hand, as the court has had the benefit of, to be able to say yes or no.

And Mr. Speaker, it is a very uncomfortable position, I am telling you. And it is an uncomfortable position because the sincerity - we have held the position for 66 months, 67 months. And I feel as though I'm being ambushed in 96 hours without all the information being made available to us.

I'm also asking Mr. Speaker for us to have a position from the Minister of Finance as to how he feels it will affect the macroeconomic stability of the country. We know why he has to do it. Is this the only way to do it? And I'm saying so because, you know, it is an interesting thing. I am told that the judicial manager literally went forward with liquidation as the option at the beginning of this year because the government would not respond, having said that it wanted to do something, and that the difference in the liquidation recovery price moved from 60 to 80 cents in the dollar to 22 cents in the dollar this year in the space of just under 18 months, in the time that the government took to get back to him.

And what is it that effectively the judicial manager would have been saying then to the policyholders? That we had to wait for 18 months for the government of Barbados to get back to us. And in that time, had the government of Barbados said it wasn't coming on board with an alternative plan, we would have to liquidate. And if we liquidated, you the policyholder would get somewhere between 60 to 80 cents in the dollar. Having now had to

wait 18 months, in spite of the government saying it was interested in doing something, nothing happened. The judicial manager goes back before the court early this year and he's now saying if we were to liquidate today, 18 months later, ignore what I said about 60 to 80 cents, it is 22 cents in the dollar. And if you listen to the policyholders, once expenses are deducted from that 22 cents in the dollar, the policyholders are left with 12 cents in the dollar.

So it's Hobson's choice. They really don't have any choice. And therefore for the Minister of Finance to delight in the fact that this is saving them from liquidation does not tell us that it is the best option, does not allow us to use the best of this Parliament to assess the option, does not allow us to use an independent assessment. We understand it. And all we are saying is as you seek to make them whole, you may be interested in making sure that we don't run into these minefields that are lying before us.

Mr. Speaker, I'm not going to speak for much longer because the truth is that this is almost half fictional. It really is. And I don't think that the Parliament should have been treated in this way. But by the same token, I do not want my discomfort to stand in the way of a single policyholder drawing a single dollar. And therefore the Barbados Labour Party has taken the position today that we want to see these families restored to their funds. It has been a consistent position of us. There will be a time for us to deal with the accountability and the fact that the government has to show us how it is going to minimise the cost to the taxpayers. But that is not today.

And secondly, that as we do this, can the Minister give us the assurances that the ability to transfer the funds will not be held up by further litigation, intervention or actions that will cause this to be delayed. So we are here for substantive critical input. But we can only do that if the documents are shared with us in a meaningful way. I'm obliged to you.

Mr. SPEAKER: Yes, there are members -

Rt. Hon. O. S. ARTHUR: I find myself in the very delectable position of being able to speak as an independent member. Insofar as there is something said by the government that I definitely agree with, there are some things that are said by the opposition that I agree with as well, and I will participate in this debate in that spirit.

Now while I was on the other side, Sir, I consistently said that it was the position of the Barbados Labour Party that there should be a CLICO day. This matter affects 35 000 Barbadians. And in affecting 35 000 Barbadians I believe that the inability to have this matter resolved was one of the principal drags on the Barbados economy. Over an extended period of time 35 000 citizen persons have had to put their lives in a state of contingency and it obviously has affected investment and consumption in the country. And it is only that we can get this matter resolved the better.

I share the position expressed by the Leader of the Opposition that really it is a matter that ought to be the subject of very serious deliberations. I would wish to be seriously engaged in helping us to find a sustainable solution to the CLICO problem. I felt that way when I was on the other side. I feel that way now.

But I am afraid, Sir, that for the reasons which I will outline, I cannot support everything that I heard, and I would just wish the opportunity to be able to study better what we were today hearing for the first time as regards the matter of process and the Insurance Act. Had I brought the Insurance Act to this Parliament - the Act is very clear that the judicial manager shall act under the control of the court, and that if, Mr. Speaker, we are at any time on the application of the judicial manager or any person appearing to the court to have an interest in the matter - and the government may have an interest in the matter - then if it appears to the court that the purpose of the order for the judicial management has been fulfilled, or whatever, that the role of the judicial manager can be brought to an end as a formal process before the court, and then the management of the entity goes back to the entity that is being or exists or is being created.

The Minister did not say if that process has been satisfied, and I do not want us, in the interest of doing what is necessary, to do that which does not conform fully to the law. But as I understand it, there is still a judicial manager in place and there has been no representation that the purpose for that judicial manager has been exhausted, and therefore I want to be satisfied that Parliament is acting fully within the context of the law.

Now, Mr. Speaker, I want us to approach this matter and get a solution that is right for the policyholders, right for the investors, but also right for the government. And I say right for the government because the government does not have unlimited resources and we are dealing here with a problem that really effectively is a $300 million problem. At the last count the liabilities of CLICO were over $800 million of which the assets were about $500 million. If we had only to deal with the life insurance portfolio alone, the net assets of CLICO would be sufficient to cover the liabilities of the insurance company. The problem is the annuities, and in respect of that I have to depart from the Leader of the Opposition in respect of how this matter should be addressed.

I believe that people making investments in annuities are different from - people approach it differently from people making investments in life insurance. People who

have invested in annuities in many ways are akin to people who could have made that same investment in a bank deposit. And in 2006, as Minister of Finance of this country, I brought to this House and got the House to approve deposit insurance. And that if a person was to put their money in a bank the government would be liable to repay only $25 000 if something went wrong with that account. The Deposit Insurance Act of Barbados does not provide for the government to be responsible for more than $25 000.

I think we are going to create a moral hazard if we say that the government's obligations in respect of people who have money in a bank is $25 000, but that the government has unlimited obligations to meet the responsibilities of people who put that same money in annuities. And therefore the position of the Leader of the Opposition that you cannot discriminate is in my view not proven by experience or by law. Also I would say that it has to stand a test of reasonableness. And the government cannot really just accept the obligation of companies who would have been written - and in this matter that is a material matter. Companies would have been written by the Supervisor of Insurance and told that the investment in annuities is not for them. And notwithstanding that, they decided to go and invest in the annuities. Does the government of Barbados really have the obligation under any test of reasonableness to fully meet the deficiencies of persons who have been told not to invest and who went ahead - institutions that should have done due diligence?

Sir, I heard what the opposition said. But I believe that in this matter there is scope for discrimination in the same way that in relation to the treatment of deposits in a banking system the law already says that we can discriminate between small depositors and large depositors.

Now, Sir, I urge, in respect of the macroeconomics, for us to treat to this very carefully. In 1999, speaking at a conference called the Caribbean Society in the 21st Century, I gave a speech that caused a stir in Jamaica. Jamaica was then faced with a situation where its financial sector had virtually collapsed. And the government of the day determined that it was going to make sure that everybody who had money in the financial system got back their money. I gave a speech basically stating that I thought that the decision was going to compromise Jamaica's medium-term stability because the government was going to increase the debt without increasing its capacity to repay that debt. And I used a term that was a little provocative - that it is sometimes necessary to shoot a general in order to encourage the others - that persons who made imprudent investments should not expect at the public's expense to be bailed out by governments where resources are limited.

And Sir, in this matter I am urging - I believe, and the Labour Party took a clear position in this matter when I was in the Labour Party, and I must say that I met with the policyholders as well - that our obligations, if we were to be consistent as a political institution that introduced deposit insurance, our first obligation is to small depositors, small policyholders. And the BDI set a benchmark of $25 000: if you took your money and put it in the bank. I do not know how you can go now and say that $2 million - if you took that same money and put it in an annuity, because all the annuity is really -

Hon. Miss M. A. MOTTLEY: I did not want to disturb the Honourable Member. And I now realise - I totally misinterpreted what was said when I spoke about discrimination. I am speaking about discrimination between individual and corporate EFPA holders. I am not speaking about traditional policyholders and EFPA holders. And in fact the government may well find - and it has been our position, the Labour Party's position has not changed - because there are only 26 people with money over a million dollars. The majority of people with EFPAs are underneath that. But once you choose to treat the individual EFPA holders one way, you cannot exclude the corporate ones because the law does not allow you to.

Rt. Hon. O. S. ARTHUR: I am always anxious to give way to her, as in this instance. But I still hold my point that whatever we do has to stand the test of reasonableness. That is the rule that eventually has to be applied in the management of financial affairs. If we had unlimited financial resources, then you could afford to treat everybody. But I believe, Sir, that long ago Aristotle established the perspective that as between equals, equality; but as between unequals, proportionality. And I do not believe that you can establish equality between persons holding small amounts and persons corporate - but especially so, Sir, since the corporate sector was written and told that these are not for you, and that they have had a greater capacity, they have a greater capacity to do due diligence than an ordinary person who does not have financial expertise.

And the reason why I am saying that is not that I do not believe we should treat to the needs of the corporate sector - we have to. But it cannot be on the same basis as a person holding a small amount. And so I am joining the Leader of the Opposition in asking the Minister - there are so many other things about this that need to be looked at carefully.

I remember, as I said in Jamaica, they made a mistake: you responded to a crisis in the financial sector and your first approach was, let us borrow all of the money and give back everybody their money. And that so completely changed Jamaica's debt-to-GDP ratio as to compromise Jamaica's chances for sustainable growth at a very delicate time - in 1999.

And the Attorney General, Sir, who is in a very litigious mood these days apparently - I think the extent of the lawlessness over which he is happily presiding is causing a change in his personality. He is snapping at everything. Can you buy a leash for me, please? Twice today I am trying to give a speech and my friend - he has always encouraged me. No, but the point I am making is simple, Minister.

We are anxious on all three sides of the House to find a solution to this that puts things right with policyholders, investors - because I distinguish between policyholders and investors, between institutions - but also with the country. And I am not going to agree easily to a solution to this matter that lurches in the direction of causing an already difficult public financial situation to become even more disastrous by taking on a burden of debt without creating a capacity in the productive sector to pay the debt that we are asking to be gratuitously taken on.

I feel that we have to try to go as far as possible in making sure as many people as possible feel satisfied about the solution. But the experience in the Ministry of Finance always is that there was somebody more powerful than us who was able to feed large multitudes with a few loaves and a few fish. But it is not a power vested in the Ministry of Finance. And in the final analysis what has to be done has to stand the test of reasonableness.

And the things that I heard from the government - where I think the government is going further than they should on a matter like this - I think the government is going to create a moral hazard by itself making a distinction as between how it treats monies put in a bank deposit and how it treats money put in a high-yielding annuity.

I also believe that there is scope for us to engage - and that is the point made by the Leader of the Opposition, and I strongly support it - the countries in the OECS have to hear that there is one voice in Barbados that says that in this solution the taxpayers of Barbados alone should not carry the burden. And if there are assets that governments in the OECS can pledge to help us to find a reasonable solution to this, then a responsible Parliament in Barbados speaking with one voice should say that this is not just a Barbadian issue for which there has to be a Barbadian solution, but is a solution to which they should feel enjoined.

And I would ask that we be given - I would love to see the document, love to study it, love to make sure that we are doing the right thing in the right way and that we have a sustainable solution that is both reasonable for the government, reasonable for policyholders, reasonable for investors, and also enables us to take this element of uncertainty out of our economic circle. So I have not been able to study this well enough to be able at this moment to tell the government that you should perceive that all is well. I bless you, Mr. Speaker, very well.

Mr. SPEAKER: Yes, the Member for St. Philip South, thank -

Hon. A. D. BRATHWAITE: Thank you, Mr. Speaker. I just thought I would make a few comments in particular because of matters raised by the member for St. Michael North East and the member for St. Peter. Let me begin with the member for St. Peter because I think in the main, sir, I do agree with the member for St. Peter and I think it has always been the government's position that we will make whole as far as possible all policyholders within the realms of our fiscal policies. In other words, we will not take the country down the route as mentioned Jamaica did because it makes no sense making whole 35 000 people and institutions and bringing a considerable burden on another 250 000 people. We are not that reckless. We are not that reckless.

The member for St. Michael North East in her presentation - and she has been consistent, I believe - said going back to 67 months: is it 67 months that the honourable member would have liked to see government make whole the policyholders as quickly as possible? Now we went a certain route. We put in place an oversight committee. The member for St. Michael North East was unhappy. Remember, the member for St. Michael North East ran up and down Barbados saying no, no, no oversight committee. The only way possible that how this is to be done - you must get a judicial manager, put it on the judicial management. That is right. We put it under judicial management and now government take too long, et cetera. We have no control. You know, when it comes under judicial management, it is under judicial management. Now we hear it is taking too long to find a solution.

Now, I do believe, and I will accept, that this matter is of such national importance that in fact it should have as wide a discussion as possible. And I will say, as I normally do, that in fact, whenever I hear - and I believe I can speak for my colleagues here - whenever we hear credible suggestions from the other side of the House, we don't turn a deaf ear to them. We give them consideration. We are reasonable men and one woman. We want to do what is best for this country.

Now, we have come here today, we brought this bill because we want to go down a certain path. We want to set a framework in place that, assuming that we have all of our ducks lined up, would enable us to execute what has been referred to as the Barbados Plan. Now, for the benefit of the member for St. Peter, you would have heard, sir, the member for St. Michael North West clearly state that in terms of the plans available, the ideal situation would have

been to get automatic buy-in from the OECS. But lo and behold, that buy-in has not been forthcoming. And it came to a point in time when we as a government thought we can no longer wait because Barbadian lives are being impacted negatively more and more.

Therefore, we took the decision that we want to move forward with this plan. It should be noted that in fact the Judicial Manager, the Policyholders Group - the name of which I don't remember now - and as a government, certainly the Ministry of Finance, looked at this, thrashed it out for quite some time and actually agreed a way forward. Actually agreed a way forward. But there was some opposition, I think, from the OECS who retained counsel in Barbados, which leads me really to the point that I want to make for the benefit of the Leader of the Opposition and the member for St. Michael North East, which is that yes, there is a sub judice rule. But the sub judice rule does not - the rule is imposed by Parliament. The rule does not preclude us at any point in time from commenting on a matter because it is before the court, or from making legislation relative to a matter before the court. The rule does not preclude us at all.

So there is nothing wrong with us bringing this bill as we have today, even though the matter has not been concluded in the courts of Barbados. We are not infringing on any standing order. And we are certainly not breaking any laws in Barbados. That is a general rule that I am sure that when the member for St. Michael North East does her reading, the honourable member will see that we are not on bad ground in terms of bringing this bill before the House at this point in time.

I also want to make the point that this is but the start of a process and even if the plan is implemented as presently conceptualised, we will in fact have to come back to Parliament because we could not, for example, issue the bonds that we want to before coming to Parliament. So there will be many opportunities. I believe, sir, that there will be many opportunities for the member for St. Michael North East and her team to give input, and for the member for St. Peter to give input, because they are right. They are right. Because we need to do this correctly. We need to do it correctly the first time.

The problem that I have with us as parliamentarians is that we don't make suggestions outside the floor of Parliament. You know, we would have all these bright ideas, but we will never say to the Attorney General or to the Minister of Finance or to the minister responsible for international business, I have such an idea, I think that this is what you should be doing. But we like the grandstanding opportunities in Parliament to show how bright we are, et cetera. There are still occasions and avenues for the Leader of the Opposition and her colleagues - and all of them - that if in fact, based on what has been said here by the member for St. Michael North West, there are gaps, because I took careful notes, that in fact we can look at them. We can look at them.

Now, for example, and that is why I said to the member for St. Michael North East in particular, sir, that in fact this is but a process, because for you, for example, to say that you need to have the buy-in of the shareholders, that the shareholders must sign off, et cetera - that is all part of the process. We will get there. That is all part of the process. This is but the beginning of a process to bring some relief to the policyholders of CLICO - to the same people that for 67 months, according to the member for St. Michael North East, she has been agitating on behalf of. Policyholders. I don't curse you - you know that. You know you are my friend. I don't curse you. In fact, we should move to make them whole.

I therefore do not see why there should be a significant problem with this bill as presented, given the fact that it is but the start of a process. And yes, one might say - if I listen to the member for St. Michael North East - that having three days to consider the bill is not long enough. But if I know the member for St. Michael North East, there is nothing said by the member for St. Michael North West that the member for St. Michael North East has not seen or did not know about, because that honourable member has a way of accumulating information even before it is written. So I don't buy into this - this is new to me - with crocodile tears, et cetera.

But I end by saying, Mr. Speaker, that there is nothing wrong with us starting the process as we are. We are not in breach of the standing orders, we are not in breach of any law. And just to reiterate that we have accepted that in an ideal situation we want to make all of the policyholders whole, but we will not do it if it ruins Barbados, if it sends the whole economy down a fiscal cliff. That would be reckless and irresponsible and we are not such a government. I am obliged.

Hon. C. P. SINCKLER: Thank you very much. Yes, thank you very much. Mr. Speaker, sir, I want to express my appreciation to all honourable members who have spoken in this debate - from the first respondent of the official opposition and as well the independent member of parliament, the right Honourable Member for St. Peter, and of course latterly the learned Attorney General - for I think were very useful interventions and I did not necessarily hear any significant or major opposition to what the government is proposing to do in this particular regard.

Of course there are points of interest and points of law, points of argumentation that both the Leader of the Opposition and the right honourable Member for St. Peter would have raised, some of which I take on board, all of which I take on board, some of which I agree with, some I

do not - not necessarily agree with - but I think in the interest of the objective that we are trying to achieve, which is really to protect those ordinary Barbadians who would have invested in this particular company. And I think that in as much as that is the case, then I think we are ad idem that we want to get certain things out of this: a protection of those persons, a protection of the stability of the financial system in Barbados, and then to ensure that whatever solution we put in place does not so destabilise the government itself and the public interest as to cause overall economic instability in Barbados.

But I want to make certain responses - just a few responses - to what I heard, and I said I accept what the Leader of the Opposition is saying. I do not agree with all of it. I take it on board, but I do not agree with all of it. Sometimes it is difficult when dealing with the Leader of the Opposition, to be honest, Mr. Speaker, sir, to separate what is help from harangue - help from harangue, harassment. In other words, I think the Leader of the Opposition wants to make the point that, or wanted to make the point that, the government is trying to institute a plan that has all of these fundamental flaws associated with it, legally and otherwise.

Members started first of all by saying that we are jumping in front of the judge and that Parliament should not be used in this way. Concerned over the governance of the process. Fully mindful of the fact that this company was placed under judicial management - well, placed under judicial management - at the petition of the FSC, our then Supervisor of Insurance, on order by the court of Barbados, and that under the Insurance Act, Cap. 310, Section 59 - I believe it is, if my memory serves me correctly - there is a fully articulated set of clauses and provisions in this particular Act that govern what the judicial manager can do and cannot do or should not do, and how his work should be dispensed under the supervision of the court.

The judicial manager, over the course of however long he has taken, has come up with a series of plans, each one having a challenge as to its efficacy in relation to what the government, including the Government of Barbados, was prepared to accept. These were so-called or so-styled restructuring plans. The judicial manager then worked with all sides to try to refine and reform and come to a plan that was generally acceptable to everybody. The Government of Barbados, in analysing all of the various options, chose to accept the final plan which the judicial manager proposed to the court as an appropriate plan that could securitise the interests of the policyholders and the investors to the extent to keep them as whole as possible, while at the same time having in the back of its mind the protection of the integrity of the financial system of Barbados - equally as well understanding, as the Member for St. Peter has correctly said, that whatever plan you accepted, whatever decision you made, would have, or potentially could have, if not properly controlled, a deleterious impact on the entire macroeconomic environment.

So we - and that is one of the reasons why this has taken as long as it has - because you could not make a decision on the fly. You have to analyse all of the implications of it. You also had to look at all of the dynamics of what you were dealing with, because it is not just Barbados. If this was just a Barbados problem, this matter could have been resolved in less than a year. But you had other people hailing from other islands who have interests and therefore you had to take those into consideration as well. So when you are dealing with so many moving parts, you have to be in a position where you can arrive at a compromise in relation to all of the interests involved, while not yourself causing disruption or undue disruption to your financial system. And that is what we have allowed to happen.

So we came up with a final plan which we believe to be reasonable. That plan has been presented to the court, supported by all of the major players in the process, other than the OECS governments today. So the Policyholders Association, the regulator - the FSC - has looked at the plan and of course they are regulators, so they have a fairly special status in this particular regard. The Judicial Manager has said he believes it is workable. The Government of Barbados has said that we believe that we can go with this. We have not said that this is an ideal plan because there is no idealism in this. Any plan that you come up with, there is somebody who can find some particular shortfall or fault with that plan. What we do, however, know is that given the nature and structure of this particular entity and its business, there are very few frameworks that can be successfully implemented outside of this, if any at all, to allow for the orderly restructuring of this business.

Indeed, Mr. Speaker, sir, I make bold to say that irrespective of whatever plan you come up with for the restructuring of this entity, it is not going to be possible for that insurance company to be refloated and to be properly articulated under the standard statutory fund of the Insurance Act unless what we are doing here in Parliament today is done. Because there is nobody - and we have tested the market with it - there is nobody prepared to buy this company in the distressed way that it is. There is nobody who has the financial wherewithal, and if they have it, prepared to put it at the disposal of this company's portfolio to place sufficient appropriate assets in the statutory fund to allow for this to become a going concern again. And as far as that is concerned, this process of issuing these bonds - this process of at least having the framework to issue the bonds, because I am going to get back to that - this process of speaking to issuing a demand note of $215 million to allow the company to be able to satisfy the statutory fund requirements is an absolute basic

requirement for any restructuring which is going to be done with this country. If we do not do this in Parliament, court decision or no court decision, everything is off. So let us understand why we are doing it. We might as well go straight to liquidation and sell it off in parts and let everybody grab what they can get. So that is really the position.

So we are not jumping in front of the court. What we are doing is putting the appropriate framework in place so that if the court decides that this is the plan that they want to endorse, we can then come back to Parliament with the appropriate resolution to have the bonds issued by the Parliament of Barbados under this particular piece of legislation. So we are not jumping ahead of anything or jumping in front of anything. We are making sure that we are in a position to move if necessary. If it turns out that the court rejects the plan in its current form, then we will not be able to proceed to invoke the provisions of this Act to do what we have to do. If it is that the court asks for changes to be made - which is what they could probably do, which they are perfectly entitled to do - to the plan which we have presented, because it is only a plan and the court has the final say, then we will see how best the framework allows for us to engage in the implementation of those.

So we are not jumping in front of the court in any case. In any case, I know that the Leader of the Opposition knows very well that there is nothing that can stop this honourable House from expressing an opinion on any matter as it pertains to the institution of legislation - legislation in relation to the ordinary management of this society, whether it is in court or out of court. Whether it is in court or out of court, the court cannot abridge the power and responsibility of the highest court of the land to pass legislation. They can issue judgments on the quality of the legislation if it is disputed in court, but they cannot stop us from it - cannot abridge parliamentary supremacy. But that is basic law. So I do not know. I mean, I hear these points and I know that in newspapers these people like to rush off and print these things as though some grand jurisprudence has just been issued. But I am not one who is at all enthused by intellectual sophistry because I know better than that. And I know the Leader of the Opposition knows that I know and that she knows better. So the point that the Leader of the Opposition is making is not really her strongest point in this regard.

The other point in relation to the assets of CLICO and the shareholders - I would draw the Leader of the Opposition's attention to the Insurance Act, Cap. 310, which states very clearly that if you are the shareholder of a company, an insurance company, and that company, for whatever reason, after investigation by the Supervisor of Insurance or the FSC, falls into abeyance of its rules and responsibilities and its fiduciary responsibilities as pertaining to this Act, so that the Supervisor of Insurance has to ask the court to take over the management of this company by imposing the judicial manager, that the shareholders are kept at bay - listen - are kept at bay until such time as the court expresses its favour in relation to the future dispensation of the company. That is in the law. So nobody is going to go and consult with the shareholders when the court makes this decision. Whatever decision that is, then and only then - because the Act is very clear - the court can decide that this company should be dissolved and put out of business. The court can make that decision. If the court makes that decision, then the shareholders cannot go and say otherwise.

No, no - that is not so. I never said that. Take note of what I am saying here. We can deal with everything in time. But what I am saying is that the shareholders of the company, by virtue of their action or inaction which caused the company to fall into the problems that it is in in the first place, have virtually forfeited their ability to determine the future of the company in relation to what happens with it. It goes into court administration and it can only be dispensed with after the court has made its decision in relation to the future of the company. The judicial manager, under the management of the court or under the instruction and guidance of the court, is then told to go and come up with a plan and report back to the court: what is your best idea of how we can solve this matter in the interest of the policyholders? And that is what the judicial manager has done. That is what they have presented to the Government of Barbados. That is what the Government of Barbados has accepted with modifications. And that is what the judicial manager and the Government of Barbados have gone back to court in unison and said: this is what we believe is the best framework for resolving this issue. And it is now up to the court to make a decision in that particular regard.

The Leader of the Opposition asked the question about the assets. Yes, the assets are all owned by CLICO International Life, but some of those assets - in fact quite a bit of those - are some of the most lucrative. Part of those assets, the performing part of those assets, are assets that are actually companies operating in different spaces, incorporated under the various Companies Acts of the countries in which they are operating. So they are not only assets in Barbados; they are assets in St. Lucia and they are assets elsewhere - substantial assets, as a matter of fact, in St. Lucia. And all we are saying is that for the liabilities that are situated in Barbados, we will pull down $34 million of the value of those assets to cover the Barbados business that was written under the original plan. The ECCU can draw down or take in representation on coverage of those liabilities the assets which are in those countries particularly, but that Barbados will take overall responsibility for the administration of the regional plan with support from the other countries. So that is why I made the point - we are not cutting and running and leaving them. We have designed this thing in a way that we can

implement it in a phased approach, but taking into consideration everybody's interests.

Now, I am sure the Leader of the Opposition even said - the Leader of the Opposition said she had 96 hours to read the bill. You said you had 96 hours to read the bill. But apparently the Leader of the Opposition did not read the section which said that we are issuing a demand note - no - that we are issuing bonds, sorry, for up to - may issue bonds for up to an amount of $65 million. Up to an amount of $65 million, which takes care of the entire assessed value by the judicial managers of the assets. But you then came back to say you are not sure whether we are doing 35, 34 first and 31 after, when we have covered for the entire 65 - up to 65. But if we are implementing the Barbados-first plan and it calls for $34 million, it then follows by way of natural logic that you are going to be using the $34 million for the Barbados portion. And then if the OECS comes on board, then you would have parliamentary approval for the issuance of bonds for the additional $31 million. So asking, standing on a point of ceremony - is it 31 or is it 34? Are you issuing the bonds for 31 or - we are not issuing any bonds yet. We are asking Parliament for the permission, once the court decides, to come back to Parliament and issue bonds up to $65 million. We are hoping that by that time, of course, the OECS would agree and that they would come on board.

Now, to the former Leader of the Opposition, the right honourable Member for St. Peter, the independent member of parliament - he is absolutely correct. And whatever we do here, we have to be very mindful of the macroeconomic circumstances. And if you look at how we have designed this, because you are talking about, as he is indicating, a real liability of over $300 million - that is what you are talking about. The structure of what we are doing here tries to insulate as much as possible your debt and deficit from the full brunt of the $300 million on one day, which is what we could have done if you had just done a dispersed settlement of the $300 million. We have further, given the situation where our position is that we are seeking to put the company in a position to do business again, satisfy the statutory fund requirements, do business again, and then within 12 to 18 months be sold. So not only will you get the securitisation of the assets that exist for the bonds that are issued, you have the potential, once you trigger the solution, to put the company in a position where it can be sold and whatever it is sold for will go in restitution and settlement of whatever you have to put on in terms of the debt. I can think of no better way to really do this.

Now, the members spoke about issues pertaining to how you treat the various EFPA holders. The Leader of the Opposition made the point that you cannot discriminate among a class of investors. But the truth is that the process of the design and sale of the instruments begins with a discrimination at the beginning because there are different classes of policyholders and investors in the company. The traditional policyholders - who would be the insurance people, the pensions and the traditional annuities - those are a different class of investor from the pure investment instrument which the EFPA is. Now we can go to court and argue that, but I would argue to the death that they are different and should be treated differently. Now what we have done is that we have not decided to just cast the private people aside. We have said to them: we will give you shares in the asset management company so that you can retain your rights in that particular regard. There are some people who feel

and remember expressed his view on this particular regard. The Attorney General happened to have supported him in this view that if you go and you make an investment of this nature in a particular instrument and it does not turn out to be the most efficacious investment you ever made and you were told not to and it turns out bad, then you should take the brunt of the loss because if it had turned out good, you would not be sharing the benefits with the rest of the society. So the rest of the society should not now be asked to bail you out. That is a view that has been expressed. Not a view that has been expressed by me, but a view that has been expressed formerly. The Opposition Member for St. Peter has expressed that view. We as a government feel that in order to keep the system as whole as possible that we should treat to everybody in the process, and that includes the corporate people. But we have found a slightly different way of dealing with them. If it is something in law that we have to contest, then we go to court. And if that is what happens, then, if they do not contest it, good. If they contest it, then we argue the case in court and the court will make a decision on that. I cannot say what level of litigation, who will go to court on this, what will. What we will say, however, is that - what we will not allow to be said, however, is that the government did not come up with a plan that most of the critical parties have endorsed in this particular way. And that is what has happened here.

So the framework which we are putting in place is just a framework. If we come back for the bonds, then we have to have a deeper discussion. And by that time members of both sides of the House would have had the opportunity to digest everything and say, and I will make this commitment to the House of Assembly that we will make all of the information available to both members of the House. I know the affidavits have been filed and I believe those affidavits, unless I am wrong, that they will be made available to - well, eventually they will be made available to everybody in Barbados because they understand that is how the process works. But from our end, I give the commitment that we will have the full details of that plan shared with all members of the House. So that if the court decides that this is the plan that they are

prepared to endorse, then we can go ahead and do what we have to do. And we will come back here and have a full and substantive debate on all of the critical elements of this particular plan. That I promise on the floor of the House.

They can go to the appellate court. Litigation is going to be a very literary type of society. That is going to be very soon, because we want to get this company up and running again. We want it selling business, we want it operating and we want it sold, so that we can get this behind us in this particular regard. So I urge members to lend their support to this particular bill in the sense that it prepares us for what is coming down the chute in the future. So with those few words, Mr. Speaker, sir, I beg to move that this bill be read a second time.

The question was put and resolved in the affirmative without division and the Bill was read a second time.

Hon. C. P. SINCKLER: Mr. Speaker, sir, I beg to move that your Honour do now leave the Chair and that the House resolve itself into committee for further consideration of this bill.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

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

On the motion of Hon. C. P. SINCKLER, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee without amendment and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. P. SINCKLER, the Bill was read a third time, passed and cited as the CLICO International Life Insurance Limited Guarantee Act, 2015.

Mr. CLERK: Order Number 18, sir. In the name of the Honourable Minister of Finance and Economic Affairs, to move the second reading of the Income Tax Amendment (No. 2) Bill, 2015.

ORDER NO. 18 – INCOME TAX AMENDMENT (NO. 2) BILL, 2015

Mr. SPEAKER: Our Minister of Finance.

Hon. C. P. SINCKLER: Mr. Speaker, sir, I do not intend to be very long on these. This relates to the adjustments which were made in the budget to the Income Tax Act as it relates to the lowering of the current rate of income - personal incomes - of course, you know they operate from 35 to 33 per cent, and the lower rate I believe from 17.5 to 16.5 per cent. The removal of certain allowances in relation to the claims of income tax allowances, and also the adjustments as it relates to the claims for special funds from the allowance claimed by contributors from 150 per cent to 100 per cent. So this is the legislation to govern those adjustments under the Income Tax Act as it relates to those matters. So with those very few words, Mr. Speaker, sir, I beg to move that this bill be read a second time.

The question was put and resolved in the affirmative without division and the Bill was read a second time.

Hon. C. P. SINCKLER: Mr. Speaker, sir, I beg to move that your Honour do now leave the Chair and that this House resolve itself into committee for further consideration of this bill.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Clauses 1 - 5, inclusive, were called and passed.

Clauses 6 - 10, inclusive, were called and passed.

Clauses 11 - 15, inclusive, were called and passed.

Clauses 16 - 20, inclusive, were called and passed.

Clauses 21 - 27, inclusive, were called and passed.

On the motion of Hon. C. P. SINCKLER, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee without amendment and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. P. SINCKLER, the Bill was read a third time, passed and cited as the Income Tax Amendment (No. 2) Act, 2015.

Mr. CLERK: Order Number 19, sir. In the name of the Honourable Minister of Finance and Economic Affairs, to move the second reading of the Cultural Industries Development Amendment Bill, 2015.

ORDER NO. 19 – CULTURAL INDUSTRIES DEVELOPMENT AMENDMENT BILL, 2015

Hon. C. P. SINCKLER: This is to provide for an amendment to the Cultural Industries Development Act for the standardisation and adjustment, as with the Income Tax Act, on the claimable allowance in relation to contributions to the fund under the Act. And of course you know that was put originally at 150 per cent of the contribution. We are now aligning that just slightly downwards to 100 per cent of the contribution. And that will bring it in line with the Income Tax Act as it relates to special funds. So with those few words, I beg to move that this bill be read a second time.

The question was put and resolved in the affirmative without division and the Bill was read a second time.

Hon. C. P. SINCKLER: I beg to move that your Honour do now leave the Chair and that the House resolve itself into committee for further consideration of this bill.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Clauses 1 - 7, inclusive, were called and passed.

On the motion of Hon. C. P. SINCKLER, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee without amendment and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. P. SINCKLER, the Bill was read a third time, passed and cited as the Cultural Industries Development Amendment Act, 2015.

GOVERNMENT NOTICES

Hon. J. D. E. BOYCE: Mr. Speaker, sir, I beg to give notice of the Latin American Development Bank Bill, 2015.

FIRST READINGS OF BILLS

Hon. C. P. SINCKLER: I beg to move the first reading of the Latin American Development Bank Bill, 2015.

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

GOVERNMENT BUSINESS

Mr. CLERK: Order Number 20 - in the name of the Honourable Leader of the House - to move that the House resolve itself into Committee of Supply to consider the grants of sums of money for the service of this island.

ORDER NO. 20 – SUPPLEMENTARY ESTIMATES NO. 2, 2015 – 2016

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that your Honour do now leave the Chair and that the House resolve itself into Committee of Supply to consider the grant of sums of money for the service of this island.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee of Supply, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: The House is now in Committee of Supply.

Mr. CLERK: Mr. Chairman, in the name of the Honourable Leader of the House - to move the passing of a resolution to grant the sum of $17 069 293 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 2015 to 2016 as shown in the Supplementary Estimates No. 2, 2015 to 2016, which form the schedule to the resolution. We are starting with Head 23 - Ministry of Health - in the amount of $7 231 831.

HEAD 23 - MINISTRY OF HEALTH

Hon. J. D. E. BOYCE: Mr. Chairman, sir, in this resolution under Head 23, some $7 231 831 are being sought under account code, sub-programme 7045, account code 785 - Assets Under Construction - by the Ministry of Health for the completion of the works at the Glebe in St. John facility, familiarly known as the St. John Polyclinic.

The history of this project, Mr. Chairman, sir, is well known to all. But for purposes of completeness it may bear repetition. And it is important too that we remember there was a hiatus of some 15 years in which this project basically lay fallow under the administration of the Barbados Labour Party between 1994 and 2008. Those are the facts. So the Democratic Labour Party has always been committed to completing this project in St. John, for no more reason than we believe that the entire offering of primary health care in Barbados can only be satisfied by an

evenly and adequately distributed infrastructure which would see all the catchment areas of the Barbados population being adequately satisfied.

There are a number of established and well-operated polyclinics in Barbados and indeed in St. John there is an existing outpatient clinic at St. John which serves predominantly to provide some level of service to the patients who attend. But the outpatient clinic is not the full kind of polyclinic services that Barbadians have become accustomed to. And indeed those persons seeking fuller medical care at the primary health care level from that catchment area would either have to journey to St. Philip Six Roads or to the Glebe at St. George, or indeed come to Bridgetown to the Winston Scott Polyclinic.

The Polyclinic that has been designed at the Glebe, however, is more than a polyclinic. I need to repeat that fact. There have been major changes at the original concept of the polyclinic. And in 2008 the decision was taken by the Cabinet that this facility would have been: one, a fully air-conditioned polyclinic; additional parking to the north-western side of the building was going to be provided adjacent to the main road; the provision of an ambulance bay on the north-eastern corner of the building. And this is important because the location of an ambulance bay in St. John will help us to be able to satisfy the demand of the emergency services. It bears repetition, Mr. Chairman. The ambulance bay is designed to help to spread out and to allow for the ambulance service in Barbados to be able to respond quicker to any calls.

As of now, the ambulance service, of course, performs fairly creditably. But we know there are cases which are not necessarily satisfied in the way that we would like. And it is in an attempt to minimise these instances that we seek always to improve the delivery of services - not only in the polyclinics, not only in the hospital, but in the ambulance service itself. It is a critical area. We came to government in 2008, Mr. Chairman, and found approximately two working ambulances.

The honourable members on the other side need to be aware of some of these facts. I listened all day to a very interesting debate - all morning and afternoon - in which the honourable members prided themselves in trying to forget almost everything that would have occurred between the year 1994 and 2008 as it related to that instance. They will probably now, sir, try to forget everything as it relates to the provision of this polyclinic service at the Glebe, St. John.

So these are some of the areas we seek to improve. On the main floor of the building is to be used for the provision of clinical services. Of course, the eastern side of the lower floor for the environmental health services. And this is a matter that is engaging the attention of the Ministry of Health - the provision of the environmental health services - because they do occupy significant space in our polyclinics. The environmental health officers do occupy significant space because there can be as many as 20 of them at a polyclinic. So we need to provide seating and office space for these officers. So the thinking is that there may come a time when we may seek to locate the environmental officers in a different facility outside of the polyclinic, but still in the area - where we rent or own a property in which we can house the environmental health officers - and allow for more space in our polyclinics, many of which are already exceeding their capacity.

The intention, of course, too, is for the remainder of the lower floor to be used for non-healthcare purposes: welfare services, relocation of the St. John Branch Library. These are all areas that have been committed to and are part of the completion process of the Polyclinic. There will also be an area for generating some level of revenue, which we have not completely concluded negotiations for yet. The facility is supposed to include a private gym in which an operator will be able to offer some level of therapy, exercise, and activity, which is so important in the lifestyle which we at the Ministry of Health support.

The current state of the Polyclinic is estimated at something like 90 to 95 per cent complete. But there are issues with the final workout of this facility. The truth is that if members take the time to visit the facility at St. John and really move around it - if they have any eye for engineering detail, or for that matter architectural detail and construction detail - they will begin to recognise some of the issues which have bedevilled the contractor and indeed have bedevilled the completion of this project.

In April of this year, the Ministry of Health formally contracted the services of Dr. Winston Harvey of Cass Engineering as the project manager at the St. John Polyclinic. On reflection, I believe we can say that perhaps the project management of that construction could have probably been better dealt with if an independent project manager had been appointed from day one. But that is water under the bridge and Cass Engineering are now doing that job. Dr. Harvey was introduced to the consultants and contractors, et cetera, and he has come up with a full assessment of the needs for the completion of the Polyclinic project.

In July of 2015, the project manager submitted to the Ministry of Health a schedule of the tasks required to be completed for the St. John Polyclinic to become operational. These tasks include the completion of electrical installation, air conditioning installation, security installation, telephone installations, sewage plant completion, external painting, and paving of the western car park. So that is more or less a rough idea of what has to be done.

The draft final VAT-inclusive account submitted by the Project Manager to the Ministry of Health on June 28, 2015, has met with the approval of the Ministry of Finance and Economic Affairs and sets out the final cost for the completion of the Polyclinic at some $7 231 830.90 for payment to the main contractor, for professional fees, and as I said, the monies are VAT-inclusive.

So, Mr. Chairman, sir, as has been hinted by the members on the other side - they said they have heard this before, they have heard about the St. John Polyclinic - they did nothing about it, as I made the point. And what they have told this Honourable Chamber is that the Democratic Labour Party must make sure and complete the St. John Polyclinic for the Member for St. John. Those have been the words from the mouths of every single member on that side. So it is therefore outside of my imagination that anyone on that side could find any reason to oppose this simple resolution for $7 million to complete the job and satisfy the needs of the people of St. John and the wishes of the Honourable Member for St. John.

So, Mr. Chairman, sir, with those few words, which I think adequately tell the people of Barbados and inform this House as to what the objectives are, what the shortfalls are, and how we seek to complete these shortfalls in order that we can put in place the wishes of this organisation, the wishes of the late former Member and indeed the dear wishes of the present Member for St. John - that the St. John Polyclinic may be completed, may be opened, and most of all will serve to help to improve the offering of primary health care in the constituency of St. John and the catchment area associated.

I want to refer to one brief thing before I sit down, because I mentioned there was an area where there is going to be a gym, et cetera. But we are also at the Ministry of Health looking at the possibility - and this is only a possibility at this time - as we continue to grapple with the whole issue of non-communicable diseases, of introducing some level of haemodialysis in this polyclinic, because it is a rather large building, where haemodialysis can be offered to those members of the public who require this service. This would be an arrangement which would help to take some of the burden off the Queen Elizabeth Hospital. At present, some 270 patients are seen at the Queen Elizabeth Hospital, and indeed the consultants continue to agitate for increasing capacity for this area of treatment - the treatment of dialysis in Barbados. The provision of dialysis costs the country something like $15 million per year, and this is something which is associated with what we have come to know as chronic non-communicable diseases.

So we believe there is an opportunity in the beautiful ambiance of the Glebe in St. John to create an area where some level of haemodialysis can be offered so that we can help to relieve the burden on the hospital and also help to provide a better opportunity for those patients who need these kinds of interventions. We believe the location is one which will lend itself to this kind of offering. There are patients who require this treatment who can drive themselves or who can be driven to the facility, so it is not a matter of an issue of public transport. If the patients are carefully selected out of the numbers of outpatients that the Queen Elizabeth Hospital and other facilities deal with through the Government and the Ministry of Health, we believe we can build an opportunity to help to offer an even fuller treatment for some of these patients as we continue to grapple with the very burdensome problem of the treatment of non-communicable diseases.

So, Mr. Chairman, sir, with those few comments, I beg to move that Head 23 in the sum of $7 231 830.90 stand part.

Mr. CHAIRMAN: The Honourable Member for Christ Church West.

Dr. M. M. AGARD: Thank you Mr. Chairman, sir. I raised to make a brief intervention on this resolution where the Ministry of Health seeks a total sum of $7 231 831 to ensure the completion of the construction of the St. John Polyclinic at Glebelin St. John. Mr. Chairman, the Minister of Health began his presentation by giving a history of the St. John Polyclinic. And he was brief in his presentation. He sought only to remind the public that this polyclinic was stopped by the Barbados Labour Party some 15 years ago and that it was the Democratic Labour Party in a solemn promise to the people of St. John who aspired to restart the project and to complete it. But I believe that in the interest of the public of Barbados whose money we spend, we need to have the full history of the development of this polyclinic since the Democratic Labour Party administration restarted the polyclinic, sir, this polyclinic was restarted in March 2011. It was scheduled to be completed by September 2012 to the tune of $16 million. At that time, sir, all of the facilities stated by the Minister of Health and the ones that he just stated were the ones that we were going to use this $7 million for were identified in 2011. In 2011 it was stated that apart from primary health care, the Polyclinic would provide the following: mental health services, physiotherapy, family planning and asthma, Bay X-ray and Ultrasound department, pharmacy services, post and prenatal care, an ambulance bay in the decentralisation of health delivery and that it was also going to embrace at a later stage technology and eventually an electronic patient records system.

Sir, what the Minister of Health just stated as the requirement for $7 million was stated at the beginning of the project. Not only was it stated at the beginning of the project, but sir, when we came to these chambers and we asked for a supplemental of $1.2 million, we also cited that money at the time was used to facilitate these

developments. When we came back and asked for a supplemental of $4.5 million and subsequently a supplemental for $5 million, we again repeated all of these things. Here we are now today coming for $7 million to state that these are the things that we are seeking to expand. Things, sir, that we stated from 2011.

I go further, sir. In April of 2013, there was a statement by the Barbados Government Information Service that reports the Minister of Health as saying in April of 2013 that he was busy dealing with the issue of staffing the facility and developing a timetable to determine how the different departments and facilities would be opened and made available to the public. In December of 2014, he said, sir, that the major outstanding areas were the air conditioning system. This is the same air conditioning system that he is now stating needs to be financed. But he said the air conditioning system and the car park were to be finalised with the supplemental that was asked for last year. And most importantly, sir, he said also most of the equipment for outfitting the polyclinic has been purchased and is being kept in storage.

Sir, I am saying to you that all that the Minister of Health has declared in these chambers today are unacceptable to the people of Barbados. Sir, I am not prepared to accept - I am not prepared to accept, even though I know in essence that I will have to do it for the sake of all Barbadians who deserve the best health care, I will have to accept it. But in principle, I refuse to accept that this government can come here again to ask for a $7 million supplemental and to state that the facility is 90 to 95 per cent complete. We heard that in 2013. We heard that in 2014. We heard that from the Right Honourable Prime Minister in 2015 when he said it in the Estimates that it was completed 90 to 95 per cent. How, sir, could it be that after several supplementals and several months past the completion date that the facility could still be 90 to 95 per cent completed? That is unacceptable and as I stand here today, sir, I am not prepared to give the government any space to feel that they can come here and continue to ask for money without giving the people of this country a proper accountability as to how this money is to be spent.

I am rejecting outright his explanation, sir. And I am dissatisfied with the level of accountability that has been associated with the polyclinic at St. John. And I am going to tell you why I am dissatisfied. We are at the point, sir, where this polyclinic has already gone past 100 per cent cost overruns. It was scheduled to start at $16 million. It is now $34 million and counting. And this is a government that said that they were going to systematically manage how the people's money is spent. Now, sir, we have limited resources of our finances. We must be cognizant and responsible in terms of how we spend the people's money. It is not our money. It is the people's money. And I am saying that the accountability for how all the money has been spent at the St. John Polyclinic is unacceptable.

But even more so, with all the promise that this polyclinic held in terms of the decentralisation of the ambulance service and the delivery of care to the people in the eastern part of Barbados, the alleviation of patient load at the Glee Polyclinic in St. John and the St. Philip Polyclinic at Six Roads and maybe even the Randal Phillips Polyclinic in Oistins - the mere delay of this facility at St. John has meant that those polyclinics continue to be burdened by patient load that is not being alleviated. When you consider that those polyclinics themselves are running to ruin, you only have to go to the Randal Phillips Polyclinic at 6.00 in the morning to see the long, long, long lines of patients waiting for care who cannot be facilitated because the equipment at the Randal Phillips Polyclinic, for example, is in a state of disrepair. I am asking how better could we spend that money? And I know that there are certain members who will jump up with indignation and say that I have no concern for the people of St. John. But that is not the case, sir. I am simply saying that when one is grappling with limited resources we must make a determination of what is the best way to spend the money, what is the greatest priority? And I asked the question: would it not have been better to use the money to ensure that the polyclinics that were already in operation were properly equipped and functional, rather than feeling that you had to fulfil a promise that you made on the dying bed of a Prime Minister?

I am not happy that I have to stand here to hear that we need $7 million. And I am not even assured that your $7 million will complete the facility. Because when you asked for $5 million, you said it would complete the facility. And when you asked for the $4.5 million, you said it would complete. So there is absolutely no assurance, none whatsoever, that even this $7 million will bring about the completion and the operational completion, so to speak, of that facility.

Now, sir, even more importantly than that, is the very real and human suffering that is endured by hundreds of Barbadians on a daily basis because the limited resources once again have not been properly allocated. Everywhere I turn I hear the cries of people who are saying that the drug service is in a mess. Only yesterday someone sat and cried before me - an epileptic who has to get a drug called Trileptal. Trileptal is given in 600 milligrams. We do not in this country have Trileptal at 600 milligrams. It is now being dispensed in 300 milligrams. But because it is being dispensed in a lower dosage, the patient has to take twice as much. But the system says the patient can only get a certain number of pills a month - 120 - when technically he now needs 180. And, sir, because of the way the drug service is now set up, he has to pay for the other 60 tablets that he needs to stay alive and live a quality existence. The

cost will be $145. To an individual who can hardly work because of his condition, sir, that is unacceptable.

I have stood here on a number of occasions and spoken to you about the sufferings of patients with cancer. And it continues unabated because this administration refuses to adopt a responsible approach to managing the country's money under the Ministry of Health. And if it is that we understand, sir, that the Ministry of Health is germane to Barbados maintaining its social and human index - a once enviable placement - then I say to you that it is reprehensible. It is reprehensible that we can have a Minister of Health come here today and rather than give a proper accountability of how every cent of that money was spent and why it is that we need $7 million more - $7 million, I mind you, that represents almost 35 to 40 per cent of the original cost - to complete what? 5 per cent? No, sir, I am not prepared to accept that.

Neither am I prepared to accept that we need it for a whole host of things which, if you take a trip there, which I have, you would see that half of the things that he has identified as requiring intervention is already there. The building has been painted, for example. I question him though about, for example, the allocation in terms of efficiencies because I noticed, for example, that there is a mill wall there and I am wondering what purpose this mill wall will serve. I have been informed that this mill wall cost almost $2 million to build. And I want to know why a mill wall that stands and serves no functional purpose needed to be built on that facility. Even if you say that the mill wall cost a million dollars and it is for aesthetics - let me tell you what a million dollars would buy in terms of furnishing a facility.

The mill wall that is there for nothing more than aesthetics at the cost of over a million dollars - if we were diligent and efficient in the allocation of funds, that mill wall would have bought us what is known as a Panorex machine. It would have bought us a digital X-ray machine at the cost of a hundred thousand dollars. It would have furnished the polyclinic with five dental chairs at the cost of US$15 000 each, which is $150 000. It would have given us a state of the art autoclave. It would have given us a state of the art developing processor. We could have outfitted the entire dental facility at the St. John Polyclinic with the money that we built a mill wall. And I am saying, sir - shame, shame on this administration. I have to accept, as I have said before, that we are going to approve the allocation of $7 million. But note that in as much as I accept it, I accept it with disdain because I feel that this government continues to take advantage of the people. This government continues to refuse to give us proper accountability. They have failed the Ministry of Health. They have failed the people of Barbados over and over again. I am obliged.

Mr. CHAIRMAN: Member for St. James Central.

Mr. K. D. SYMMONDS: Mr. Chairman, sir. I want to lend my voice to this debate. I was present, sir, in this place in March, when the Minister of Health gave this Parliament, sir, an undertaking from his place that the St. John Polyclinic was, in his words at the time, sir, 95 to 99 per cent completed. And secondly, that a further allocation of about $5 million at that time would bring the entire developmental process of the polyclinic to completion at that stage. The Minister of Health gave Parliament a further solemn undertaking, and this was March, that the polyclinic would be ready to be opened in June. This, sir, is now the end of August. The Minister of Health has addressed Parliament just now and has not been able to give us any explanation either as to the further time overrun. And the member for Christ Church West is in Texas - correct. We have been hearing that the polyclinic was ready to be opened since approximately 2012 or 2013, early 2013. And it now, sir, is beginning to become an embarrassment to the whole purpose of having a Parliament of Barbados. If you have time after time a minister in the same ministry - not a novitiate minister who has now come, not somebody who is now settling in and familiarising himself, but the same minister repeatedly

shifting the goalpost backwards and calling for more money without as much as a word of explanation as to why it is that you are in a position where you are unable to come to completion. Now, sir, if we were told in March, as we were, that for $5 million more the St. John Polyclinic would have been completed, at a minimum the Minister of Health owes it to this House to be able to say what transpired between March 31st and August such that there was an insufficiency of funds, an inadequacy in the estimation. Why was there the inadequacy and why now does he need a further $7 million more?

What is particularly appalling, Mr. Chairman, sir, is that the Minister, for the first time, for the first time, has come to the House today to tell this chamber that now the projected services are to be augmented with dialysis. Never before in the history of any discussion about the St. John Polyclinic did the Minister of Health tell us just -

Hon. J. D. E. BOYCE: On a point of order. The honourable member is misleading the chamber. Before the honourable member allows his message to take legs which it was not born with - I said that, including among the areas that are being looked at as a possibility, the Ministry of Health is looking at the possibility of expanding the dialysis services at some time in the future within the polyclinic at St. John. That is what I said. And it is no commitment whatsoever at this time by the Ministry of Health. That is the point that must be made.

Mr. CHAIRMAN: Member for St. James Central, please continue.

Mr. K. D. SYMMONDS: Mr. Chairman, sir. Mr. Chairman, sir. I am not going to get into the splitting of hairs with the Minister. The inescapable point that the Minister of Health has to deal with is that he has treated to the issue of time overruns, cost overruns at the St. John Polyclinic in the most cavalier and disrespectful of fashions. It is the public purse. It is not the Minister's private piggy bank. The Minister gave solemn undertakings as to when - pardon, it is not his private piggy bank. The Minister gave solemn undertakings as to an opening day. Unable to deliver. He gave a range of expected services or anticipated services. And now he is rearranging the services on the fly, on the trot. And it is completely unacceptable. That is the point that we are making, sir.

Now, while it is that we want to see the people of St. John - and indeed let us not only limit it to St. John, because the provision of primary health care in Barbados is a matter of deep concern and it has to be for this opposition. Mr. Chairman, sir. The Queen Elizabeth Hospital. The Queen Elizabeth Hospital. Services falling apart. The psychiatric hospital, sir, is a disgrace to humanity. Let us be very frank. The psychiatric hospital, sir, is a disgrace. The polyclinics, Mr. Chairman, sir, across Barbados crying out for urgent attention. And the Minister in his lead presentation, I think, owed a duty to the country to explain to us why it is that we have the abysmal shortfall of appropriate levels of service in the polyclinic system. And indeed at the psychiatric hospital. And the geriatric hospital as well. Another disgrace.

With respect to ambulances, the Minister spent some time on the issue of ambulances. We brought ambulances to Barbados, sir. Three-wheeled pan carts or box carts. Three wheels. The Minister assured us that they would be functional. Not in sport, sir. Of my alarm and the concern I registered on the floor of this chamber, sir. The Minister assured us that they would stand the test of time. If you pass by the Ministry of Health yard tomorrow morning, Mr. Chairman, you are not going to see them in the dark. You will see them piled up there. The trivial box carts that were brought in from Saudi Arabia were to pass themselves off as ambulances in Barbados. Because a mockery was being made of the people of this country. And a mockery was being made, Mr. Chairman, sir, of the process of ambulance service delivery and in-patient care in Barbados by this Minister of Health.

Hon. J. D. E. BOYCE: No, no, no. The three-wheel ambulances are a gift from the United Arab Emirates to Barbados. We have tried at the Ministry to apply them within our operation. I cannot allow the Honourable Member to cast that kind of comment against what was a donation and cost the people of Barbados -

Mr. CHAIRMAN: Nothing. Thank you very much. Honourable Member for St. James Central.

Mr. K. D. SYMMONDS: Mr. Chairman. And the point that I am making is that instead of just trying to pop everything in that is humanly possible or can be conceived of into this never-ending project called the St. John Polyclinic, perhaps, sir, the Minister of Health might wish to reflect on whether the $7 million he is seeking to appropriate this evening could help ensure that people at the psychiatric hospital are able to get breakfast, are able to get lunches. The issue, sir, that has been raised by the Member for St. Thomas - where there are two maids on an entire ward at the geriatric hospital, sir - the same issues are playing out. Industrial action. We are on the precipice of it at the psychiatric hospital. These things are known to the Minister. It is true. A previously unheard-of state of affairs. And the Minister, sir, continues to treat to this in the most absurd and cavalier of fashions.

I go back to the ambulances because the reality is, Mr. Chairman, that the last time I saw one of those three-wheel things they were being treated as a junkyard. It had a shovel and a hose about it. This is what the ambulance service of Barbados has been reduced to. And I feel, sir, that at a very minimum the Minister of Health has a duty to explain to the country now clearly what is the difficulty that is being confronted at the St. John Polyclinic. Why has there been this perpetual overrun in terms of finances? And why is it leading to the continuous extension of time to completion? There is a need now to explain it satisfactorily.

The Member for Christ Church West is absolutely right. When we began we were told that this was a $16 million exercise. There is no way in heaven or on earth that it can be satisfactory that today you are at $34 million and looking to get $7 million more without explanation. There is no way on heaven or earth that this could be a satisfactory state of affairs. And if the Prime Minister who sits next to him will not call him to account, then the opposition has a duty to ask for the accounting. Because you cannot begin at $16 million - if you get to 18 or 20, we could say, oh Lord, man, you are going high, but it is acceptable, we can live with that - but you cannot pass $32 million, which is a 100 per cent mark-up, go up to $34 million where it is today, and be asking for $7 million more without a word by way of explanation as to how you got there.

And I feel, sir, that the Government is being very glib and quite frankly very arrogant about this matter, because it is as though this is not a matter of mirth and amusement. It is as though you just roll a dice and the money will come. At the closing stages, by the Minister's own calculation, he is at 95 to 99 per cent completed. But I am now hearing that he cannot get an engineer. What manner of midsummer's madness is that - you are 99 per

cent complete on the project and it is only now dawning on you that you need to consult an engineer? You are 99 per cent completed and all of a sudden you know you have not planned out the building. All of a sudden you come to Parliament. You did not know in March, but you discover at the dawn of September that you are going to be able to do dialysis in there. But what sort of buffoonery, Mr. Chairman, could be descending on the Parliament of Barbados if we are going to be asked to accept this? Because this could only be acceptable if it were being dealt with as one of the sideshows taking place this weekend at the Democratic Labour Party headquarters in George Street. But when you come now to a serious place where serious business is expected to be conducted, you cannot really begin to ask people to digest this.

At the closing stages, sir, of the project, the Minister is discovering that he is going to want a project manager. A project manager, sir. In 2011, the Minister was asked about a project manager. In 2012 and 2013, the Minister came to this project and told us about no project manager. In 2014, he did not talk about a project manager. In March of this year, 2015, when I was questioning him in this place, he did not speak about any project manager. But no, at the end of August, he now decided that he needed a project manager for a project that is 99 per cent completed. And this somehow is acceptable. In any other part of the world, the Minister's political head would have to roll or be examined. But I do not know why he would examine his head, because I do not think that you will find much in there - as empty as the day is long.

But sir, this is now becoming overbearing. I know that in a different capacity this Minister found it possible to mix a pipe for effluent with a pipe for water. But I do not think, sir, that capacity for maladministration should be visited on the public administration of the country. That capacity for maladministration should be cornered off somewhere and the public shielded, sir. But no, he has not learned from his mistakes. I do not know who unleashed him up there. But the damage to the land is now becoming overbearing. And I agree with the Member for Christ Church West. It is unacceptable.

And what is offensive about it, sir, is that the country is awash with the cash - the $7 million now that is going to be squandered could have helped us keep some people employed elsewhere. It could help us, sir, with the University of the West Indies. It could help us, sir, with a range of other commitments that the Government cannot find the capacity to meet. I am mindful that my time has expired and I am deeply concerned, sir, that this House is now going to be abused by this debate taking place and the Minister of Health feeling that he can get away once again without giving a full, frank, and candid accounting as to how things have gotten so bad at the St. John Polyclinic. And I am asking for it here this evening. I am obliged.

Mr. CHAIRMAN: Honourable Member for Christ Church South.

Hon. J. D. E. BOYCE: Mr. Chairman, I rise to just wind up consideration on this Head. We have just been treated to - that was the sideshow, Mr. Chairman. All the drama to which the Honourable Member is accustomed. The Honourable Member for St. James Central. Of course I recall. I recall a public meeting of the Barbados Labour Party which the Honourable Member sought to drive a van into. I do not know if it was one of the ambulances he is talking about - with a fridge. With a fridge that he had taken up from some resident in Haynesville to drive it through the public meeting of the Barbados Labour Party to try to make his point about people having their fridges taken up by the courts and by the cost of living at the time and whatever. So the Honourable Member is known for extravagances. The Honourable Member is known for drama. And the Honourable Members on that side know him so well.

Mr. K. D. SYMMONDS: Mr. Chairman, the Honourable Member is misleading the House. The Honourable Member spoke to this chamber just now. I do not wish, sir, to disrupt the Honourable Member who obviously has nothing of consequence to say. But if he is going to mislead the House, sir, then I have to rein him in. Were we outside of the House, I would say that he is - Honourable Member. Honourable Member.

Mr. CHAIRMAN: Just a moment. I cannot allow you to continue. Proceed, please.

Hon. J. D. E. BOYCE: Hold a minute, Mr. Chairman. Just a moment, please.

Mr. CHAIRMAN: And only that the other remark that you made - I will have to ask you to withdraw it. You know what you said.

Mr. K. D. SYMMONDS: Outside the House. I withdraw that, sir. That perhaps is unparliamentary. But it only reflects the contempt I have for that which dropped from his lips.

Mr. CHAIRMAN: Honourable Member. Honourable Member. Please. Honourable Member. Please. Take a seat. Take your seat. Take your seat, please. Thank you very much. Proceed.

Hon. J. D. E. BOYCE: You know, Mr. Chairman, the Honourable Member will probably seek to deny that he referred to the honourable ladies of the Barbados Labour Party as a thousand pounds of blubber. He probably wants to deny that too. But I give that to you, sir. And I give it to him to think about. Because he has got a record. He has got a record of statements on the political landscape of

Barbados of which any ordinary politician would be ashamed, should be ashamed. So the kind of references and the drama, as I said, which the Honourable Member tried to associate with his presentation are things that we are accustomed to. But they do not change the facts. And I need to rein him in in his extravagance and to tell the people of Barbados the costs that I refer to.

First of all, the project manager I referred to was not hired in September as the Honourable Member sought to say. I said in March. That is what I said. I said that the total projected cost for the project today is $28 million and not $34 million plus $7 million. So it is $28 million of which $22 million has already been paid. And this -

Mr. K. D. SYMMONDS: The Honourable Member is misleading the House. The Honourable Member spoke to this chamber just now. He named Cass Engineering, sir. And he gave the date as April of 2015, not March. The Member is obviously confused. He is confused and is seeking to confuse the House, sir. He is not on top of his Ministry. He is -

Mr. CHAIRMAN: Honourable Member. Honourable Member. It is not a point of order. Please proceed.

Hon. J. D. E. BOYCE: There goes the drama. I suppose I will have to endure until I reach the end of the truth. Mr. Chairman, as I said, the projected cost is $28 million and not $34 million plus $7 million as the Honourable Member seeks to project. The amount paid already to the contractor is $22 million. These are rough figures - I am not adding the thousands. And the amount being sought today is a supplementary $7 million. So that is the position in respect to the cost of the Polyclinic today.

Mr. Chairman, as I have said, we fully expect that this money will allow us to pay some of the subcontractors who are still owed on this project and will allow us to deliver this polyclinic to the people of St. John as it has been designed to serve. And that we will continue to be able to improve the health care in Barbados as this important cog in the delivery of primary health care is brought into operation in the south-eastern area corridor of Barbados. Mr. Chairman, with those few words I beg to move that Head 23 stand part.

The question that Head 23 stand part was put and resolved in the affirmative without division.

HEAD 77 - MINISTRY OF EDUCATION, SCIENCE, TECHNOLOGY AND INNOVATION

Mr. CLERK: Mr. Chairman. Ministry of Education, Science, Technology and Innovation in the amount of $7 947 462.

Mr. CHAIRMAN: Honourable Member for Christ Church East Central.

Hon. R. D. JONES: Mr. Chairman, I rise to make a few comments on Head 77. As can be seen, this is for the transportation of the pupils from our various schools. The amount required is $7 947 462. You would note that in the estimates of 2014–2015, $3 000 000 was in fact allocated to this head. And also in the estimates of 2015–2016 $3 million was again allocated.

Part of the problem here is a bit of a time lag between the presentation of the invoices and the payment of such invoices. On March 31, 2015, the Transport Board had billed the Ministry of Education a sum of $6 897 753. It meant that there was therefore on the invoicing almost, if you want to call it that, of $3 197 007. In other words, the Ministry of Education had owed the Transport Board $3 879 753. So we're looking to pay that. And what we have done, as well, is we have made the projection into the end of the financial year by making the statement obviously that it is expected that the amount of ridership which would account for another $6 897 735 would result in some $7 947 462 being due to the Transport Board.

Included in that figure as well would have been the transportation of the students from Combermere to Samuel Jackman Prescott Polytechnic during the last term, the final term of the year 2014–2015, because of some issues which we had to deal with at Combermere, thus the relocation of the students and we had to transport them there. Included in this as well would be a provision for the movement of the children from Chalky Mount, that stretch of road to Alleyne. So that provision is being made. That was not a contingency that we had foreseen. There was also the provision of funds for the movement of students from the Closed Society primary school to St. Mark's and St. Margaret's - one in St. Philip and the other across in St. John.

So this would amount, Mr. Chairman, to a substantial amount of usage by the students of Barbados of the Transport Board. When you basically divide it, the figures are here: in April of 2014 we had 213 007 rides; in May 2014, 518 698 rides; in June 2014, 535 568 rides; in July, 54 894 rides - you will know that would be a short period because it is just about a week or two. September 2014, 467 667 rides; October 2014, 571 092 rides; December, 182 222 rides. I somehow missed the statistic for November of 2014. In January of 2015, 413 043 rides or trips; February, 598 450 rides; March, 550 498 rides; April, 325 000 rides; May, 510 450 rides; June, 530 840 rides; and in July, 70 000 rides. Because again, we are coming to the end of the school term and even though we know that in May and June students in the fifth and sixth forms tend to go and do their study exams, they still have to get to the exam and get back home. So that is why you

still see the extent of the rides being maintained over those particular periods.

And therefore with that amount of usage by our students and the special rate of $1.50 for those rides, plus the special services that were in fact mentioned, the amount required is $7 947 462. The sum of this is met from savings within the Ministry to the tune of $4 million. And therefore essentially we are asking for new supplemental funds of $3 947 462. But in the holistic way, $7 947 462.

I think that we have to thank the Transport Board for the provision of the services to move our students across the length and breadth of Barbados. I would like to see a few more buses placed on some routes, especially the routes in St. Joseph and St. Andrew. Those two areas particularly need some more buses. I cannot overemphasise the point because if we are demanding of students that they should get to school on time, then we have to make it possible for them to do so. And if we do not do that, then we somehow create a jeopardy situation for them because the school is going to exact discipline. We say to get to school on time, but you do not have the wherewithal to do so. Places like the Alleyne School and the Grantley Adams School suffer a bit from not enough buses that move both people and students across that expanse of Barbados. And I just want to appeal to the Minister as we move into the new term to see what is possible to get those students to school.

Alleyne is an extremely excellent school, very well performing - performance rates when you look at subject entry passes in the region of 82-plus per cent. It is a statistic not screamed about or talked about by that school, but it performs quite well within the educational structure of Barbados. And Grantley Adams does quite a good job in trying to educate the students that they have there. They are doing good things. Grantley Adams also suffers as a result. They are doing reasonably well within the context they have - pushing a lot of technical vocational education and also with the use of the core, and that has totally revamped its curriculum offerings, fully supported by the

Ministry. And they are going ahead with the leadership of the school and the teachers who have been responding quite well. So we do not want to see a situation where students are not getting to school on time and therefore within the first two periods - between quarter to nine and maybe quarter to ten - they end up suffering by missing out on the early part of the day. So the Transport Board needs to pay some attention to that.

We would want to see a more timely release of this information so that monies can be paid, because I know you two have responsibility to maintain the efficacy of the Transport Board. Notwithstanding that, I think that the leadership of the Transport Board and the staff of the Transport Board should be complimented in trying to do their utmost, including those persons as they announce diverse buses and urging students to get on board, to go to their various places of study, and then to have the various information shared with us in relation to some obvious delinquency. But there are still one or two students, a few students, who tend to do a bit of up-and-down rides rather than one direct journey. And I am not talking about truancy, but riders who enjoy riding a little bit too much, and that tends to place them in a position where they are late and sometimes they might not actually get to school.

Thanks for the urgings of the Member for Christ Church South. I do not know why he is interrupting me. I do not know if the blows from the Honourable Member for St. Thomas have made you shaky. Anyhow, this money is needed to satisfy that and to serve us until the end of the financial year 2016, 31st March. And I therefore beg to move - without going into all the other details - that Head 77 stand part.

Mr. CHAIRMAN: The question - the heads. Sorry, Honourable Member for St. Thomas.

Miss C. Y. FORDE: Mr. Chairman, I just want to make a small intervention and to indicate that any effort to be able to enhance the quality of transportation for Barbadians is one that I will support. I would just want to find out from the Hon. Minister why will there be a $3 million amount under invoicing according to what I understood, when I know that the Transport Board requires all the funds in the world to help it to be able to function well. That was the comment you made, sir, so that's probably. But I would also want, sir, to indicate to the Honourable Minister that the plan for a dedicated school bus system is one that has been in the works for many years.

And I think it is critical that we really start to look a little more seriously and not just as a political gimmick, if you want to call it that, because that is what we saw this one as - where we were not ready yet because of the limited number in fleet that we had in the country. But however, I know that many parents would have benefited from the opportunity for children to travel freely. And I think in 2008 when it was conceived it was not so critical. But now that we have these hardships in our economy and so many people out of employment and so on, it should help a lot more of our children to be able not only to attend school, but to attend school regularly.

There are still, however, some hiccups that have me very, very concerned. And I really would like to know from the Minister - in particular, the Honourable Minister of Education - what policy is there to minimise that joy riding children get into the bus stop. Take for example, if we are going up Roebuck Street, they will get in the bus stop that is by the insurance corporation and then get off when it

gets around the corner by the Globe Cinema, the old Globe Cinema. And I am saying that schools have a role to play, but more particularly parents have a role to play in letting their children know that this free bus fare trip is just not to get in and to play the fool, because when you get in the bus at one stop you inhibit somebody who may have wanted to go a longer distance from getting in, and then you get off just because you are too lazy to walk. To walk and to have exercise is critical, especially among our young children, where we hear so much of our young children with certain non-communicable diseases and diabetes and so on.

So I want to know what policy is there for this new term? Because we would have had eight to nine weeks holiday and I believe that the planning should take place. There is a lot of indiscipline in our buses. Children are still destroying them as far as I am aware. And of course it is a poor attitude. Mr. Chairman, we have so many parents who were unemployed and I am not talking money now because it is not everything that is good in life that has a cost. But there are some parents who would be only too happy to sit in a bus and travel with children to help to remind them about their behaviour. I know that it can happen. The ones who go down to the Edna Nichols Centre - somebody accompanies them, although they are not very small children. But I believe it is very important that those children be told you do not just get up and cuff the bus or take up your marker and deface it. The interior of the bus or the kind of wrong things that they do. And sometimes they are big children who are so disrespectful, their mouths are full of expletives. They do not listen to the bus drivers. And I believe some of the bus drivers need to drive in the police station in between with them because it is stopping the others from getting to school. And it is a heavier cost on the government's purse.

I also want to find out from the Honourable Minister what collaborative efforts there have been with the Ministry of Transport and Works, meaning the Transport Board's authorities and the Ministry of Education. Because I had heard the Honourable Member for St. Philip North speak earlier in the public's domain about incorporation of the private sector. The public needs to know, and those persons in the private sector with the PSVs need to know what plans government has to be able to do that incorporation. So that at the end of the day, the same children that the Honourable Minister of Education would have spoken of just now - St. Thomas, St. Andrew, St. Joseph, sometimes St. Lucy and St. James - there are some of the major parishes where children suffer terribly to get to and from school. And a lot of it to me is to do with choices for schools. So I do not see why children from sections of St. Thomas should be going all the way up to Princess Margaret. So the choices of the school have a lot to do with the crisscrossing of the country. And I believe that is where a lot of the funding will go. And the large numbers where you see 513 000 - sometimes it is a child who lives in St. Andrew that has to take a bus to get to St. James Secondary, because there is no bus route that would adequately take the child there and take it there safely. So I believe that there has to be proper dialogue and consultation with the public to be able to look at the incorporation of the private sector and any other agency to be able to make the transition and to be able to accommodate our children.

I know that education is extremely important, but sometimes when the children get disillusioned and they are waiting for a bus four and five hours - I see Alleyne School children by the post office in Wexmoor Hall there by the old gas station, all the way through St. Thomas, waiting for buses, sometimes 10 and 10:30 on mornings - a lot of children would have turned around and gone back home, but they still want to take advantage of the opportunity.

The other challenge I recognise, Mr. Chairman, is to do with a lot of buses that break down on the road. And there is nothing more confusing and more dislocating than having a busload of children - sometimes 60 and 70 children - and a bus breaks down and you can see these children running. The same thing is happening with passengers and we see every day - we acknowledge, yes, there is an old fleet - but I would like to find out then if the Honourable Minister, in an opportunity to receive some of these funds from the Ministry of Education, will probably look at the phasing in of two buses a year to add to the fleet at the Transport Board to help to make a difference. I do not want to be a parent having to take a bus and I am standing at a bus stop from 6:30 in the morning and buses pass me saying school all the time. I cannot get anyone to get to work to be able to provide for the same children I have that are going to school. So there has to be a happier marriage of the transportation that is made available for the working public as well as the transportation for the school children.

So I would like for us to see now - this is now seven years clear going - where we have not been able to see a single new bus being bought. And many of them earlier in the year and all last year were meeting accidents, not, I am saying, not because of the fault of the drivers, but sometimes other motorists are speeding and of course the buses get damaged or destroyed. And therefore we cannot be taking out from that limited fleet all the time and not be adding over the years, and at least two or three buses a year I am sure will help to make a tremendous difference in the Ministry of Transport and Works.

And the final comment I will make is that I think sometimes when children are late for school, those who are responsible for the children and are acting in loco parentis must be able to determine those children who are late through no fault of their own, because sometimes when they reach the school's compound the school gates are

closed and the children are sent back home. We cannot in this era be sending back home children who are so vulnerable because when they send them back home they are not going to reach home. We have some paedophiles in this society who are preying on our children. We have a lot of people on the block who are waiting for the children to come back home. A lot of guys go all around schools with their heads tied up and scarves over their faces and all kinds of nonsense. And they are preying on our school children, both girls and boys. And I think it is important that principals and teachers be a little more considerate as long as they know these children are late this morning because of a bus or buses that did not come to transport them adequately to the schools.

And of course I would wish to highly commend the staff at the Transport Board, particularly the drivers who I know are trained beyond human call to be able to deliver a service that really needs proper study to be able to determine what resources are available to make the fleet of buses we have better to service the public of Barbados. It is a social responsibility of the government to ensure that buses are properly organised to be able to go to the various locations. And I think it is also critical that the condition of the buses be in perfect condition for some of the routes that some of them have to travel. A bus going up Chalky Mount Hill or going down Turner's Hall Hill and so on must be a bus in the best working condition. I am not saying that they are not, but the point I am making is they must be so well serviced that the travelling public in them do not receive injury, because the Hon. Minister for Transport will tell us how much money is spent in claims when a bus runs off the road and people get injured or certain challenges develop with accidents and so on.

I will support this supplementary but I just want for the Honourable Minister, particularly Education and Transport, to be able to critically look at our transportation system and remember that not only must the school children get to school, but the rest of the travelling public must be accommodated to be able to hold their jobs, get to their medical appointments and any other business that they may have to transact. And so I wish to commend this particular resolution. Thank you.

Hon. R. D. JONES: I normally appreciate the comments of the Member for St. Thomas when she is in fact in this vein and she is right that the use of the public transportation system by some - and it is a small number of students who can walk just up the road - would not they just get aboard a bus? It is just a few yards. Surely it does not remind me of my time walking a mile to school and getting there on time through the track. The Honourable Member for the City would not know about walking through tracks with beautiful cane blades and the arrows of canes moving languidly in your face. He is more accustomed to walking through tracks and ending up in other tracks where he really should not be, really should not be there. But a few people who can actually walk a few yards to school.

I also agree with the notion that once students present themselves, they should be admitted - must be admitted - to the schools of Barbados. I have already spoken to this matter of children, of students finding gates in their faces. And we are going to be focused and firm on that particular matter. Once you present yourself to a school, you should be allowed to enter even if other disciplinary measures are used to deal with those. But you have to find out the reason why there will be a number of students. I did not earlier mention the St. Lucy Secondary or the Darrell Jordan, as it is now called, as one of the schools, or Alexandra or CP or any of those in the northern or eastern cone of Barbados. I was just using St. Joseph and St. Andrew as reference points. But you are all correct that in that cone you have some of those issues presenting themselves.

There is also, of course - and I did not want to widen the debate into the movement of ZRs and minibuses along these passageways - but particularly along Highway 1, where for some reason some students like a particular ZR or minibus and they will not take anything else but those ZRs or minibuses. It is a strange form of behaviour. We just have to urge families, urge parents, urge schools to encourage students to actually get to school by taking the safest and most available form of transportation.

I would say to the House that this $7 949 000 would represent some 5 298 308 rides. And one of the things that we are going to do is actually do a bit of research going back to 2008 to see how the number of rides - and I know that we have had highs and then it dipped a bit, but now it seems to be back up quite high - to see how that will compare. 5 298 308 rides for the number of students who use it over the period. So it is about eight months or so in a year. So that is quite phenomenal. We can encourage greater usage. I know we do have some accidents from time to time but there is a greater level of safety that is shown by drivers within the Transport Board and therefore we have always encouraged our students to use those buses.

So by and large as we start the new term we are going to be again paying a bit of visits around Barbados - myself and the Minister of Transport and Works - to see how people are traversing, how they are moving to school, what are the areas of concern and seek to remedy those areas of concern. We have of course right now some - I will not use the word neglect but where there is some absence of more buses - two more buses or three more buses on that northern eastern cone would actually move the students. And the appropriate timing, not only seven but 7:30, quarter to eight and quarter past eight will move a

lot more of those students. I know you are dealing with that but you cannot deal with your buses. We have to stock. It is a bit of a challenge and therefore I must agree that trying to acquire not 100 buses at one time but a few more to add to the stock can assist us in getting those students to school and on time. And I think there are just a few points raised by the Member and I believe I have answered them. So again, Mr. Chairman, I beg to move that Head 77 stand part.

The question that Head 77 stand part was put and resolved in the affirmative without division.

HEAD 15 - CABINET OFFICE

Mr. CLERK: Head 15 - Cabinet Office - in the name of the Right Honourable Prime Minister, Minister of National Security, Public Service and Urban Development - in the amount of $1 890 000.

Rt. Hon. F. J. STUART: Mr. Chairman, very briefly the sum of $1 890 000 is being requested on Head 15 - Cabinet Office. The sum of $1 170 000 under account code 210 dealing with supplies and materials and the sum of $720 000 under account code 212 dealing with other operating expenses. The largest sum of $1.1 million has to do, Mr. Chairman, with the purchase by the Electoral and Boundaries Commission of some multipurpose identification cards. There is a multipurpose identification card project which is being undertaken by the Electoral and Boundaries Commission. Of this we will hear much more when we debate the National Registration Bill later on. But the Government entered into a memorandum of understanding with Fujitsu Caribbean Barbados Land Limited for the provision of the hardware, the software and cards for the multipurpose identification card project. And this memorandum was signed on August 8, 2011. The Commission put in a request for 500 000 ID cards. The request suggested that 500 000 ID cards would be required and therefore procurement for this number of cards was included in the memorandum of understanding.

Of the 500 000 cards required, the Commission purchased 300 000 at $7.80 per card and when it tried later to purchase an additional 50 000 at the increased unit price of $11.18, the Commission was informed that the chip which was used in the cards previously purchased was being phased out and that it would lead to some operating chaos if you had different chips in the same multipurpose card. But we were advised by the consulting company that there were still on hand some chips consistent with the cards that had already been purchased and that 150 000 of those chips would be available and could be purchased by the Commission. The Commission therefore decided to purchase these 150 000 at the old price of $7.80 per card and this explains the figure of $1 170 000 for the 150 000 additional cards being purchased. 300 000 had been purchased already and this additional 150 000 would take the number to 450 000. And of course, when the Commission bought the other 50 000 at the increased price of $11.18 that would account for the entire 500 000.

So the $1 170 000 is required under account code 210 to deal with the supplies and materials aspect of this supplementary - the materials being requested or being purchased are the ID cards pursuant to the multipurpose identification card project being undertaken by the Electoral and Boundaries Commission. Of course there is bipartisan agreement on this project as the Commission has been discussing this for some time and when the time comes for us to debate the National Registration Bill, opportunity will be taken to explain to the House and to the country why we have to change the existing ID card and why it was necessary to embark on this multipurpose identification card project. There are some defects - some defects have been discovered over time with the existing ID card - and it was thought necessary to make the use of the ID card more secure and thus the thinking behind the multipurpose identification card project. Of course, as the title suggests, the card would be a multipurpose card; it would serve more than one purpose and for all practical purposes would be a near one-stop type of card.

So far as the additional $720 000 being sought is concerned, under the Representation of the People Act, the Commission has from time to time to delete names from the register of persons who have died or are otherwise not qualified to be on the register. And obviously that entails certain expenses being undertaken by the Commission. And given the plan of the Commission to delete the names of about 7 000 persons who have died or have become disqualified for registration under the law, these expenses have to be defrayed and the sum required to go through all of the procedures and to meet the expenditure requirements is $720 000.

As I said, Mr. Chairman, we are going to have a full debate on all of these issues in the very near future as we discuss the multipurpose identification card project and a number of ancillary issues that will arise from this process of national registration. But for the time being, it is important that we secure these additional cards so that the project is not torpedoed and we do not have to go back to the drawing board and spend large sums of money again because the chips for the cards we have already bought have been phased out. So with those few words, Mr. Chairman, I beg to move that Head 15 stand part.

Mr. CHAIRMAN: Honourable Member for St. George North.

Mr. G. A. CLARKE: Mr. Chairman, I want to speak briefly on this particular Head. I have registered my objection several years ago to the introduction and I want

to register my objection here today on a personal level because I feel that a multipurpose card - a multipurpose card, Mr. Chairman - which is to replace the driver's licence, is to replace the identification card, the national registration card, and what else? Because the Government has not said what are the various aspects of this card: driver's licence, a national registration card, and what else?

I believe, sir, that a driver's licence is a driver's licence. I have seen it work in other jurisdictions where you have a driver's licence which is a revenue-earning card and it is to be replaced every three years or five years as the case may be. So that every time you replace your driver's licence - because it is a revenue-earning card, whereas an identification card is not necessarily a revenue-earning card - and we have fought for this over the last ten years. And I know it was felt then, over ten years ago, when the new driver's licences were introduced and a committee at the time was set up

introducing the same multipurpose card. But here again they came back and they have a willing Government that is willing to accept this thing. I believe, sir, that in the fullness of time - and that is one of the reasons why I want to register my comments in this Parliament - because I can see in the future there is a lot of confusion, and the members talk about confusion and chaos and this introduction of a multipurpose card. And I want to say to the Government: you are the Government, you have introduced it. But I want to warn you it has a lot of implications down the road for revenue as well as the identification card. And how often will it be changed? The Government has to govern. This is your idea. And I will say to you down the road, I have warned you on this particular night. Thank you, Mr. Chairman. I don't like it.

Rt. Hon. F. J. STUART: I am indebted to the Honourable Member for St. George North for his intervention. He did say that he has personal difficulties with the card. We have not discussed the card here today. I said that when we come to discuss the National Registration Bill we will have a full discussion on the card, the multipurpose card and what it is intended to do. I would just remind the Honourable Member that the Electoral and Boundaries Commission is made up of representatives from both the governing party and the opposition. And this matter has been exhaustively canvassed. And I have never underestimated the wisdom of the representatives of the opposition on the Electoral and Boundaries Commission. In fact, a former Deputy Prime Minister and one other - two very credible representatives of the opposition party - sit on the Electoral and Boundaries Commission. This matter has been discussed expansively and there is bipartisan agreement on the issue.

I respect the right of the Honourable Member for St. George North to have his personal reservations about the card. But multipurpose cards exist in other parts of the world and they work. We have had presentations done to the Cabinet on the issue. All the questions that we have asked we have got answered and we are going to have a full debate in this House on the issue. So the time will come when the Honourable Member for St. George North will have a chance to fully ventilate his concerns. But the purpose of this resolution is just to secure the purchase of the additional 150 000 cards that the Commission needs so that we do not have to go and start from scratch and purchase all over again, because the chips available in the first 300 000 are no longer available and we would have to use different chips and create confusion. So that is all this is about. This is not to discuss the card itself and its advantages and disadvantages and so on. So until that time comes we bear in mind the concerns of the Honourable Member for St. George North. But the Honourable Member was very careful to say his personal - in fact he was made to say that it is his personal.

Mr. CHAIRMAN: Honourable Member for St. George North.

Mr. G. A. CLARKE: The only member in this Chamber who has made a concern, because I feel strongly - and I let that be known over 15 years ago - that a revenue-earning card is a revenue-earning card. I may very well be proven wrong. But I believe strongly that, as my colleague said, if you were to go to court and the judge withdrew your driver's licence, is he going to withdraw your driver's licence as well as your ID card as well? So we need to think this thing through before accepting it. And what is it that you are saying - that this is the first country introducing a multipurpose card? I want to know how many jurisdictions have introduced this card. Proceed please.

Rt. Hon. F. J. STUART: Mr. Chairman, you are going to have that debate sometime in the very near future. But as of now I beg to move that Head 15 stand part.

The question that Head 15 stand part was put and resolved in the affirmative without division.

On the motion of Hon. J. D. E. BOYCE, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Resolution in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. J. D. E. BOYCE, the Resolution was read a first and a second time and agreed to.

Mr. CLERK: Order No. 21. In the name of the Honourable Minister of Finance and Economic Affairs, to move the second reading of the Latin American Development Bank Bill, 2015.

ORDER NO. 21 – LATIN AMERICAN DEVELOPMENT BANK
BILL, 2015

Mr. SPEAKER: Yes. Minister of Finance and Economic Affairs.

Hon. C. P. SINCKLER: You will recall when we came to Parliament a few months ago with the resolution to permit the borrowing of $50 million from First Citizens Bank to permit the purchase of capital stock or shares in the Latin American Development Bank - or CAF as it is called - that we had indicated to the House, and of course the Opposition, both the Leader of the Opposition and the Member for St. Michael South East had asked, and I had given the assurance, that once all of the necessary documentation for that process was put in place we would return with the requisite bill to reduce into domestic law the treaty that we had signed to put Barbados as a member of the CAF. And in keeping with that, and of course in keeping with our responsibilities in this particular regard as it relates to the membership of international organisations and indeed in this case an international financial institution, we have brought this bill here to complete the process by putting within the laws of Barbados the membership of Barbados in the Latin American Development Bank, or the CAF.

The bill is essentially a basic bill, Mr. Speaker, sir. As you would know from the previous such acts that we have passed in relation to international financial institutions of which Barbados has been a member - the IDB, the CDB, the International Bank for Reconstruction and Development or the World Bank as we call it - over time in the statutes of Barbados under banking institutions, this falls squarely within that context. It is, as I said at the time when we asked for the resources to be able to proceed with becoming a member, a credible and, as far as we can see from experience and from all that the CAF has done in this hemisphere, a reliable low-cost financing alternative option for Barbados. And it is something that we believe is a good thing to have. It gives us additional options to choose from in a fairly tight and sometimes very difficult capital market as far as raising low-cost financing to do major infrastructural projects is concerned.

I do not think that there should be any major objection to Barbados completing that process and therefore, in the context of that, I bring this bill before the House on behalf of the Government to deal with the membership of the institution itself but also to place within the domestic law the recognition of the agreement on the immunities, exemptions and privileges which we extend to these institutions so long as we become members of them. And I commend this therefore to the Parliament without further ado and ask that this bill be read a second time.

Mr. SPEAKER: Yes, Honourable Member.

AN HON. MEMBER: Thank you, Mr. Speaker. I too intend to be brief.

Really. I just wish to commend the honourable minister for acknowledging the fact that he has heeded the wisdom of the opposition on the last occasion in relation to bringing this particular piece of legislation. Because we did highlight on that occasion that it would have been consistent with the practice of this chamber to lay before the House legislation in relation to these types of measures. So I am grateful to him for bringing it. The Barbados Labour Party has no objection to the legislation being put in place. And with those few words, I thank you, Mr. Speaker.

Mr. SPEAKER: Honourable member.

Hon. C. P. SINCKLER: Mr. Speaker, sir, I beg to move that your Honour do now leave the chair and let the House resolve itself into committee for the further consideration of this bill.

The question was put and resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee, Mr. J. D. PAUL, Chairman of Committees, in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in committee.

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

On the motion of Hon. C. P. SINCKLER, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee without amendment and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. C. P. SINCKLER, the Bill was read a third time, passed and cited as the Latin American Development Bank Act, 2015.

ADJOURNMENT

Hon. J. D. E. BOYCE: Mr. Speaker, with that we have come to the end of Government Business for the day and I beg to move that the sitting be adjourned until Tuesday, October 20, 2015 at 10.00 in the morning.

Just speaking briefly on the adjournment motion. This would be our normal summer recess where the House takes a short break from its work and members are given the opportunity to take a short break if they so wish, or to probably spend that one day of the week or two days of the week which we would normally be occupied in doing the business of the people, familiarising themselves with those

projects which they think they need to be closest to. Our responsibilities differ. The work, of course, of the Government side does not change significantly, and indeed, I do not think the work of the opposition necessarily changes significantly because we all have a very important responsibility as representatives of the people.

Sir, I want to therefore wish honourable members, first of all, a very well earned and restful recess period. I want to also wish any members of the ancillary staff, the clerks at the table, the marshal and the supporting team, and all those who serve this Parliament who may also take this couple of weeks to avail themselves of some kind of a brief holiday. To you yourself, sir, may I also wish you a relaxing period away from this chamber. And therefore, as I said, with those wishes extended to all those who are associated with the operations of the chamber, including the security and those who provide all the other services, I again want to wish honourable members a relaxing recess period and beg to move that the House be now adjourned until Tuesday, the 20th of October at 10.00 in the morning.

Miss S. J. O. BRADSHAW: Thank you, Mr. Speaker. I too would wish to echo the sentiments of the Leader of Government Business. It has indeed been a difficult time, I think, for the Government, given the narrow majority that it has had. And so we found ourselves in here at some very peculiar times, often in the long hours with each other, often not agreeing with each other on certain measures. But that notwithstanding, I am happy certainly for the break.

It does not mean on this side or on the other side that we will find ourselves necessarily on vacation, because the people's business continues whether we are in this chamber or not. And I think the demands that are placed on both sides right now are so great that we may very well find ourselves trying to still meet the demands of the people as they arise. But I do want to wish honourable members a good vacation, if they choose to do so, whether here or outside, as well as the members of the ancillary staff and the Clerk. Also to the police, certainly to the staff who look after us in the dining room, and to all those who are perhaps behind the scenes, both indirectly and directly, who help to facilitate our business here in Parliament. I would want to wish all of you a happy summer and whatever you do, do enjoy.

Mr. SPEAKER: Just before I put the question, let me identify myself with the comments from both sides of the chamber. I want to single out, particularly though, the staff who would have worked so hard behind the scenes to make what we do here possible. This includes the catering staff, and we wish them all the very best. Of course, you know that there are some members who will take the opportunity to take a little vacation and so on, because it is the convenient time to do so.

I also want to express my thanks to you, the members, especially you, the Leader of the House, for your cooperation. I know sometimes the behaviour might surprise some people, but I am always grateful that we are still a chamber where we can conduct our business without the exchange of blows and other harsh words and so on. So having said all that, let me take the opportunity to wish you all very well.

The question that the House be adjourned until Tuesday, October 20, 2015 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

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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 correcting and preparing this report. Members are named as in the 2013–2018 Parliament.

Q1. *Front matter.* The source does not record the PRESENT list or the officiant at Prayers. The Members listed are those identified from the record; the time of meeting, 10.00 a.m., is as stated in the source. Please supply from the Votes and Proceedings.

Q2. *Throughout.* The bracketed time-checks in the source are out of sequence (for example '[12.30 a.m.]' and '[1.30 a.m.]' during the morning and '[03.00 a.m.]' and '[05.00 a.m.]' in the afternoon) and have been omitted.

Q3. *Papers.* No Papers are recorded in the source, but Hon. C. P. Sinckler refers to 'the laying of the regulations by myself earlier, as we went through the early phases of the agenda of the House'. Part of the record may be missing after the Minutes. Please supply from the Votes and Proceedings.

Q4. *Order No. 17, Hon. D. O'N. Inniss.* During the Minister's speech the source has an unattributed 'Sorry to interrupt you. I just need to go and do the matter quickly. Just give me a minute please.', followed by a call from the Chair headed MR. SPEAKER and a reply headed 'HON. MS. C. SANDRA V. HUSBANDS, M.P.', who was not a Member of the 2013–2018 House. The reply ('Yes, Madam Deputy Speaker') and the Minister's continued address to 'Madam Deputy Speaker' show that the Deputy Speaker took the Chair, and the call was to the Member for St. James South. The interruption is printed under Mr. SPEAKER, the call under Madam DEPUTY SPEAKER and the reply under Hon. D. O'N. INNISS. A stray 'Yeah, same.' before Mr. SPEAKER resumed the Chair is omitted. Please confirm.

Q5. *Order No. 17, Rt. Hon. O. S. Arthur.* The opening words 'Mr. Speaker, sir,' are headed 'HON. COLIN E. JORDAN, M.P.' in the source; he was not a Member of the 2013–2018 House. Mr. SPEAKER had called the Member for St. Peter, and the words are joined to Rt. Hon. O. S. Arthur's speech.

Q6. *Order No. 17, Hon. C. P. Sinckler.* The opening words 'Mr. Speaker, sir, I think it would be -' are headed 'SPEAKER UNCERTAIN' in the source after Mr. SPEAKER's call ('Yes, our minister'); they are joined to Hon. C. P. Sinckler's speech. In closing he commends 'the Member for St. James Central for his excellent presentation'; earlier he thanks the Member for St. James South, the substantive Minister, for introducing the Bill, and the reference is corrected to St. James South. Please confirm.

Q7. *Order No. 17, third reading.* The mover asked that the Bill be cited as 'the Income Tax Amendment Act, 2015, No. 1'; a later Bill was cited as the Income Tax Amendment (No. 2) Act, 2015. Please confirm the short title.

Q8. *Order No. 16, Hon. Miss M. A. Mottley.* 'The Member for St. Philip North knows basic company law' is printed as in the source. The Member for St. Philip North in 2015 was Hon. M. A. Lashley; the passage may refer to the Attorney General, Member for St. Philip South. Please check against the recording.

Q9. *Committees.* Mr. CHAIRMAN is not named in the source; the Chairman of Committees, Mr. J. D. Paul, is presumed. The Committee stages of Orders Nos. 16, 17, 18, 19 and 21 are condensed to the Official Report formulae; all clauses passed without amendment.

Q10. *Order No. 20, Head 23.* The speech after the Chairman's call of 'The Honourable Member for Christ Church West' is headed 'DR. SONIA E. BROWNE, M.P. (St. Philip North)' in the source; she was not a Member of the 2013–2018 House. The Member for Christ Church West in 2015 was Dr. M. M. Agard, and the speaker's references to dental equipment and her Opposition stance agree, so the speech is printed under Dr. M. M. AGARD. Please confirm.

Q11. *Order No. 21, after Hon. C. P. Sinckler.* The speech beginning 'Thank you, Mr. Speaker. I too intend to be brief' is headed 'SPEAKER UNCERTAIN' in the source and the Chair's call names no constituency. The speaker speaks for the Barbados Labour Party; Hon. C. P. Sinckler had referred to the Leader of the Opposition and the Member for St. Michael South East. Printed under AN HON. MEMBER. Please identify the Member.

Q12. *Order No. 21, second reading.* The source does not record the question on the second reading of the Latin American Development Bank Bill being put; Mr. SPEAKER's 'Honourable member' is followed by the motion to go into Committee. The Bill was cited on passing as 'the Latin America Development Bank Act, 2015'; printed with the title used at notice and first reading. Please check against the recording.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at 10.00 a.m. on Friday, August 28, 2015, with Mr. SPEAKER presiding. The Minutes of August 11, 2015 were confirmed and Standing Orders Nos. 6, 16, 18, 20, 42, 43 and 44 were suspended on the motion of the Leader of the House, Hon. J. D. E. Boyce.

Under Order No. 17 Hon. D. O'N. Inniss moved the second reading of the Income Tax Amendment Bill, 2015, which enables the Barbados Revenue Authority to collect, archive and share taxpayer information with other jurisdictions, following Barbados' signing of a reciprocal Model 1 Intergovernmental Agreement with the United States under the Foreign Account Tax Compliance Act. He said the aim was to meet the September deadline and avoid 30 per cent withholding on United States source income, and that the Bill makes a breach of confidentiality under section 51 an offence. Mr. K. D. Symmonds supported the Bill for the Opposition but warned of costs to consumers and the erosion of sovereignty, citing the $86 million a year rum industry; Mr. SPEAKER asked that a remark by Hon. Miss M. A. Mottley be withdrawn. Rt. Hon. O. S. Arthur urged that tourism and international business be given first claim on resources and that the ease of doing business be improved, as in Jamaica. Hon. C. P. Sinckler said 85 per cent of the fall in corporate tax revenue came from international business. After the luncheon suspension Hon. D. O'N. Inniss replied, and the Bill passed without amendment as the Income Tax Amendment Act, 2015.

Under Order No. 16 Hon. C. P. Sinckler moved the CLICO International Life Insurance Limited Guarantee Bill, 2015, allowing Government to guarantee bonds issued to CLICO International Life under stage one of the restructuring plan. He traced the judicial management since March 2, 2011, and described a demand note of about $215 million, ten-year annuities for individual EFPA holders, $65 million in property bonds and the sale of a new insurance company within 12 to 18 months, the alternative being liquidation. Hon. Miss M. A. Mottley said the law did not allow discrimination between individual and corporate EFPA holders and sought assurances that payments would go predominantly to policyholders. Rt. Hon. O. S. Arthur, as an independent Member, urged priority for small policyholders, and Hon. A. D. Brathwaite said the Bill breached no Standing Order or law. Hon. C. P. Sinckler undertook to make the information available to both sides, and the Bill was passed.

Hon. C. P. Sinckler then carried the Income Tax Amendment (No. 2) Bill, 2015, giving effect to the Budget's reduction of income tax rates from 35 to 33 per cent and from 17.5 to 16.5 per cent and of the special funds allowance from 150 to 100 per cent, and the Cultural Industries Development Amendment Bill, 2015, aligning that Act's allowance at 100 per cent. The Latin American Development Bank Bill, 2015 was read a first time.

Under Order No. 20 the House went into Committee of Supply on Supplementary Estimates No. 2, 2015 - 2016, totalling $17 069 293. Hon. J. D. E. Boyce sought $7 231 831 under Head 23 to complete the St. John Polyclinic. Dr. M. M. Agard said its cost had risen from $16 million to $34 million, and Mr. K. D. Symmonds criticised the overruns and withdrew a remark at the Chairman's request; Hon. J. D. E. Boyce gave the projected cost as $28 million, of which $22 million had been paid. Hon. R. D. Jones sought $7 947 462 under Head 77 for school transport, and the Prime Minister $1 890 000 under Head 15, largely for 150 000 additional multipurpose identification cards, to which Mr. G. A. Clarke objected. The Resolution was agreed to. Under Order No. 21 Hon. C. P. Sinckler moved the Latin American Development Bank Bill, 2015, which was passed. After remarks on the recess by Hon. J. D. E. Boyce, Miss S. J. O. Bradshaw and Mr. SPEAKER, the House adjourned until Tuesday, October 20, 2015 at 10.00 a.m.