
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

FIRST SESSION 2013 – 2018

HOUSE OF ASSEMBLY

Tuesday, March 10, 2015

Pursuant to the adjournment, the House of Assembly met at 10.00 a.m. on Tuesday, March 10, 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)
Hon. R. L. SEALY (Minister of Tourism and International Transport)
Mr. T. A. PRESCOD
Hon. Miss M. A. MOTTLEY, Q.C. (Leader of the Opposition)
Hon. C. P. SINCKLER (Minister of Finance and Economic Affairs)
Hon. S. A. LASHLEY (Minister of Culture, Sports and Youth)
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.
Mr. D. D. MARSHALL, Q.C.
Mr. E. G. HINKSON
Hon. D. O'N. INNIS (Minister of Industry, International Business, Commerce and Small Business Development)
Rt. Hon. O. S. ARTHUR
Hon. D. St.E. KELLMAN (Minister of Housing and Lands)

Mr. SPEAKER: Good morning, Honourable Members. Members, I have with me the minutes of the meeting of the House of Assembly held on Tuesday the 7th day of February 2015.

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

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

PAPERS

Mr. SPEAKER: Members, I am in receipt of the Auditor General's Report for the year 2014 and also the Report of the Auditor General on the financial statements of the Government of Barbados for the year 2013–2014.

Hon. D. O'N. INNIS: Mr. Speaker, I beg leave to lay the Barbados Investment and Development Corporation's Annual Report 2012–2013. I am obliged.

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

Hon. C. P. SINCKLER: Mr. Speaker, sir, I beg leave to lay the Central Bank of Barbados Annual Report 2013; the Duties, Taxes and Other Payments Exemption (Boarded Hall Green Inc.) Order 2015; the Duties, Taxes and Other Payments Exemption (First Citizens Bank) Order 2015; the Duties, Taxes and Other Payments Exemption (Beaches Haywards) Order 2015; and the Duties, Taxes and Other Payments Exemption (Sandals Casuarina) Order 2015.

FIRST READINGS OF BILLS

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

Hon. C. P. SINCKLER: I beg to move the first reading of the Municipal Tax Amendment Bill, 2015.

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

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

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

AN HON. MEMBER: I beg to second.

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

GOVERNMENT BUSINESS

Mr. CLERK: Order Number 16, sir. In the name of the Honourable Minister of Industry, International Business, Commerce and Small Business Development, to move the second reading of the Corporate and Trust Service Providers Bill, 2015.

ORDER NO. 16 – CORPORATE AND TRUST SERVICE PROVIDERS BILL, 2015

Mr. SPEAKER: Order 16. Yes, Honourable Member for St. James South.

Hon. D. O'N. INNISS: Thank you, Mr. Speaker. I rise this morning, of course, to lead off discussion on the new Corporate Trust Service Providers Bill 2015. This, Mr. Speaker, is a culmination of an extensive level of discussion between stakeholders in the international business sector, including the Barbados International Business Association, the Bar Association, ICAP, the various departments within the Ministry, of course, and the Chief Parliamentary Counsel's Office in helping us to unravel some of the challenges that confront the international business and financial services sector and to bring to being an updated piece of legislation that would specifically address - or rather regulate - the providers of some corporate and trust services in Barbados.

And let me say at the onset, Mr. Speaker, that in doing this, we are also going to repeal the International Trust and Corporate Service Providers Act of 2011, because we recognise that after the passing of that particular piece of legislation in 2011 there were some deficiencies as manifested through our consultation with the Caribbean Financial Action Task Force. Bearing in mind the perspectives of the OECD and the Global Forum and those international entities that weigh in on the regulatory and compliance aspects of the international financial services centres around the world, and indeed what has been evolving in this domicile in respect to that

particular sector, and recognising the need for us in Barbados to continue to raise the bar in terms of the provision of services for this very important sector, we have opted, therefore, to reach this stage today where we are here to present this new piece of legislation.

Perhaps I can start, Mr. Speaker, by reflecting on the fundamental purposes of this Bill. As I said, it is designed to regulate the providers of services in corporate and trust services in Barbados. We are seeking here to broaden the definition of international business, and I will speak a little bit to that shortly. But the principal purpose of the Act is to promote and maintain high standards of conduct, ethics and competence in the provision of corporate services and trust services in Barbados. We want to ensure that service providers adhere to the highest international standards and international best practices, including procedures and policies that will enable them to identify and verify the identity of their clients - in other words, what we call in this sector the know-your-client rules - and to exercise due diligence in the provision of corporate services and trust services, while at the same time enabling the protection of the interests of specified entities and service providers through the licensing and supervision of these service providers.

Mr. Speaker, the international business and financial services sector has been making a very meaningful contribution to this economy and to the socio-economic development of Barbados. As a matter of fact, those who would opt to trace the history of this sector reflect that perhaps it was best manifested or captured in 1965 when this Parliament passed the first International Business Companies Act. And certainly at that point in time the then Government - a Democratic Labour Party Government, I dare say - were seeking to further diversify this economy, helping to move a bit away from the predominant agricultural sector and to ensure that we are able to bring to bear the full range of options available for investors local and foreign, as well as for further diversification of this economy, particularly into the area of services.

Needless to say, we have done well moving on into tourism in the last 40 to 50 years and certainly in forging ahead in developing the international business and financial services sector in Barbados. There was perhaps a lull up until the late 1970s when the Government led by the late Hon. John Michael Geoffrey Tom Adams would have passed the Offshore Banking Act - I believe it was of 1979 - and subsequently pieces of legislation that really started to create a diverse range of products within the international business services sector and really catapulted Barbados onto the world stage as a domicile of choice for international business and financial services.

Throughout the 1980s, into the 1990s, and in more recent times, successive governments have continued to

build upon what has been laid before and to create an even more diverse set of products via legislation to meet the growing demand of this particular sector. And today, therefore, Barbados offers a wide and wonderful suite of products catering to the discerning investor, helping them to go global through insurance, trusts, foundations, IBCs, societies with restricted liabilities, and several other entities that we call the product base that has helped to greatly grow out this sector for Barbados.

Today the international business and financial services sector is estimated, according to the last completed report I saw for 2013, to be contributing close to \$900 million to this economy, both direct and indirect. And you know, Mr. Speaker, for the average person in this society, when you speak of international business, they may say offshore business, and for many they may not be able to get into detail as to what it is or, more importantly, how it is contributing to Barbados. And I think those of us who are somewhat familiar with it, or have made a living in it, or have the passion for it - including several members of the Opposition bench in Parliament - can well attest to the importance of this sector to the economy.

Certainly we recognise that it has been the major contributor to the corporate tax take of Government, contributing over the last decade or so in excess of 60 per cent of the corporation tax collected by Government. And even bearing in mind that the average tax rate in the sector is about two and a half percent, one can really attest to its importance therein. Of course, there are those who provide the services to the sector - the attorneys at law, the accountants, the corporate secretarial services, and those who do their work directly - who continue and have been over the years, quite frankly, making great gains in terms of their own revenue from this particular sector.

We have seen the international business sector evolve to the point now where less than 10 per cent, I am told, of the employees in this sector are now expatriate - moving from a situation 20 to 25 years ago where it was predominantly expatriates who worked in this sector - and today Barbados can boldly proclaim to the world that we have a very indigenous international business and financial services sector, as manifested by the number of locals who are employees, and employees in very senior positions: managing directors, CEOs, chairmen of boards, directors, legal advisers, financial advisers. Whatever it took, really and truly, to grow this sector. And to my mind, Mr. Speaker, that is a quiet reflection of the level of maturity and appreciation of the investment that had been made many decades ago in this particular sector, where successive governments have made that level of commitment to developing it and having it make a meaningful contribution to this economy.

So certainly one reflects on the number of Barbadians employed in key positions - and I dare say well-paid positions - in this sector. We are very much appreciative of its contribution. Of course, this sector is also one that contributes heavily to the rental income derived by local entities and individuals, both for office space as well as for residential accommodation. And the evidence is there that this international business and financial services sector does pay good rents. Some may argue they have helped to push or to keep the cost of rented accommodation up. But the reality about it is that they are prepared quite often to pay top dollar for high-quality office and residential accommodation.

We also have other benefits that accrue directly, and as I said indirectly as well, from this sector: the number of those who are in turn employees of those who work in the sector; the amount of money being spent in dining around Barbados by the sector; the value of hotel accommodation for those directors and shareholders who visit Barbados periodically. As a matter of fact, I have always contended that there must be a significant portion of the numbers captured in the tourism sector that really have their origin in the international business and financial services sector. But needless to say, the island certainly benefits tremendously from it all going forward.

And certainly over the last decade or so we also benefit from the fact that there is a lower cost of promoting Barbados by way of having a relatively mature international business sector that is able to go out there and continue to spread the good word about what Barbados has to offer as a domicile of choice for financial and international business services, as well as a premier location for those who opt for a holiday combining business and pleasure.

Well, Mr. Speaker, all of this could only have been achieved by governments continuing to invest in creating the right enabling environment that has allowed this sector to strive to achieve its full potential. And when one asks the question on what basis is there a need for an international business and financial services sector - having looked briefly at the economic benefits that accrue to Barbados - we certainly have to continue to look at why Barbados. On what basis do people come to an IFC, particularly a domicile like Barbados? And it certainly dovetails straight into the principal issue before us today, which is the need for us to bring this piece of legislation to govern those who provide corporate and trust services in Barbados.

A discussion about international financial centres oftentimes quickly degenerates into tax rates. People come to Barbados because we offer a good rate of taxes on corporate profits. But I have always contended that Barbados offers a reasonable rate for the investor who seeks to come here and move the investment through

Barbados into other jurisdictions. And that is something that we continue to promote - for IBCs and SRLs at 2.5 per cent tops, coming down, with of course in the banking sector their own tax arrangement, and certainly for the insurance sector as well.

But one of the driving forces towards a right environment for international business and financial services relates to the issue of the efficiency of the system within which people have to work. And that is why we deem that this Bill before Parliament today has become so essential, because as part of the process of having to create a more efficient and more cost-effective jurisdiction here in Barbados for those who opt to choose Barbados as their preferred destination for international business growth and development, transparency is another factor that people will concentrate on when looking for a destination of choice.

And whatever one may say, Barbados has a reputation of being a very transparent jurisdiction. Transparency has manifested through clarity of the legislation and regulations that govern the sector. Transparency has manifested through our excellent service providers who adhere to their own profession's international standards that govern them. Transparency is manifested through our judicial system that - may not always work at the pace you want it to work, but certainly it works at the end of the day for all of us. And these things and many more combine to help to exemplify the level of transparency in a domicile like Barbados that then, of course, appeals to the international financial world.

We must have, of course, a well-regulated jurisdiction. Most service providers globally, and indeed the ultimate beneficial owners of entities, look to ensure that wherever they are putting their money it is a well-regulated jurisdiction - not just in terms of the clarity of the rules of engagement, but certainly ones that have the attendant policing mechanisms in place to ensure that the investors are protected as far as humanly possible. So that well-regulated element is there. Of course, another major factor is the reputation of the jurisdiction, and undoubtedly Barbados - this little island that we all call home, 166 square miles out here in the ocean - is indeed well respected and has a good reputation on the international business and financial services market.

Only last week, Mr. Speaker, I was in Toronto, predominantly at a mining conference - the Prospectors and Developers Association of Canada, their mining conference. And I was quite amazed, not surprised, at the number of attorneys, accountants and other professionals who advise clients on where to go, along with the number of Canadian enterprises who hold Barbados in very high regard as a domicile of choice for the investor who is going global. And so certainly for those I interacted with out of

the African continent, that reputation is also there preceding us around the world. So I am satisfied that the reputation of Barbados as a domicile of choice for international investment remains very strong.

But Mr. Speaker, we cannot rest on our laurels. We have to be eternally vigilant, because all it takes is one or two bad apples, or one or two unfortunate incidents, one or two rogue clients, to tarnish Barbados' reputation as a jurisdictional choice for international financial services and international business. And that is why this Bill before us today - which I will speak to in a little bit of detail - is ever so critical, because we are seeking here to ensure that we are not complacent, that we are continuing to be vigilant, and to ensure that we continue to identify possible challenges and confront them and address them forcibly in a very sustainable manner.

One of the other factors that investors look for, of course, relates to the business infrastructure. And I know often enough that individuals - including myself, I readily admit - can be constructively critical of our business infrastructure here in Barbados. And sometimes we do that because we do not want to settle for anything less than the best; we are not prepared to accept mediocrity. But generally speaking, Barbados does have a good infrastructure - for want of a better term - when it comes to business: in terms of the ability and speed of incorporation, being able to bring clarity where there is ambiguity in terms of Government's policies and various rules and regulations that govern the particular sector. And basically, business works in Barbados - that is the reality that we have to face. So whilst we may beat ourselves up occasionally, the reality about it is that business works in Barbados. Here again, though, this legislation that we are bringing today is part of the Government's efforts to continue to improve upon the business services sector in Barbados, because, as I said, we are not prepared to settle for anything but the best.

We also have the issue of human capital. And for those who are looking to invest - whether it is a domestic investor or an international investor - you want to know that you are going to a domicile where you can have the quality of workers. Oftentimes when I am asked why Barbados and not one of those islands up north that are competitors, I often say that you do not have to import the human capital into Barbados anymore. In the BVI and Cayman Islands you normally have to bring your lawyers and accountants from the US, Canada, UK, wherever you are, to work therein. But in Barbados, thanks to our excellent educational system and the investment that governments have made over the years in educational programmes, we can boast to the world that you do not have to import that human capital to drive and to develop the international business and financial services sector in Barbados.

And I really think this is something that all of us across the political divide can be extremely proud of - that we have been able to build up and retain that human capital. We do not have a need for these Barbadian professionals to pack their bags and go further afield to earn a decent living. As a matter of fact, many of them are far better off than their fellow professionals in the USA or Canada or UK in terms of the quality of life that they are able to have here in Barbados, thanks to the particular international business and financial services sector.

Another point, of course, that is of great importance is the jurisdictional ability to adhere to international standards that govern the particular sector - OECD, Global Forum, et cetera. And the former Prime Minister, the Honourable Member for St. Peter, can quite eloquently and forcibly speak to the challenges that would have confronted Barbados over the years in terms of our battles with the OECD and in recent times through the Global Forum and others. And basically the fact that jurisdictions like Barbados have been painted with the same brush as others and therefore have had to spend a lot of time and a lot of energy - including the work of the Honourable Member for St. Peter - to go to the international arena and defend the reputation of Barbados. But suffice to say today that we are able to stand tall.

in the global arena as a small international financial center because of the infrastructure, the legislative regulatory infrastructure that we put in place in Barbados to ensure that we are able to meet many of the challenges and the tests that are set before us. Of course, Mr. Speaker, wise one would be excited about all the good things Barbados offers. As I've constantly said, we cannot be complacent, we cannot settle for mediocrity. We have to ensure that we are cognizant of whatever weaknesses that there may be. There are some. There's sometimes a challenge with the bureaucracy and the slow pace of the bureaucracy or the share structure, the bureaucracy, that can be rather daunting sometimes. There's also occasion the cost of doing business and the cost of doing business becomes a big challenge when people feel that they're not getting what they're paying for. And of course, issues regarding research and development in the sector and the ability for us to be more aggressive in the marketplace given financial human constraints from time to time.

Mr. Speaker, we have, notwithstanding all of these, though in principle, built out our international business and financial services sector by focusing on being a treaty based jurisdiction. And for those who labour in the sector, we know very well the importance of being able to say to the world that for Barbados it's not just about a lower tax rate, it's about having for example, 34 double taxation agreements. That speaks to the avoidance of tax across jurisdictions that is so critical as well. So the fact that we've been able to negotiate successfully initially and

conclude in most instances double taxation agreements with Canada, other parts of the developed world, some in Africa, Latin America, et cetera, speaks volumes to the kind of jurisdiction that we sought to build out for Barbados, one that is treaty based. Of course, we've also negotiated successfully several tax exchange information agreements which have become extremely critical because the whole world is moving towards ensuring that we're able to share information on taxpayers across the jurisdictions.

And to that extent, Mr. Speaker, I wish to reiterate the previous position that we've taken, which is that Barbados has signed on to the automatic exchange of information through the OECD and the Global Forum. That correspondence has been in recent times shared with the OECD. I certainly would have indicated it to the Global Forum plenary session in Berlin, Germany last autumn. And in recent weeks my Ministry has written to the Secretary General of the OECD in Paris indicating that Barbados is formally committed to signing on to the automatic exchange of tax information. We have completed the questionnaire and I did receive a response from the OECD a few days ago indicating that the matter is being processed through their channels and we should be in a position to conclude that particular issue. And that is important because as a government there's somewhat of a paradigm shift and we have taken a position that Barbados needs to be a player and to be seen as a major player in this international financial services sector where it matters most. We cannot sit back any longer and complain about what is being imposed upon us as a government. We've taken the position that it's our bounded duty to get up and go to the table and to the discussions where it matters most so that the voice of Barbados, and by extension the voice of small international financial centres, can be heard.

And that is why last October, November, Barbados was elected as Vice Chair of the Steering Committee of the OECD Global Forum Grouping, which is the largest international tax grouping there is in the world - 123 countries, I believe it is. And it is indeed an honour for Barbados, as the first sovereign small state in the Western hemisphere to be elected to that position, as one that we take very seriously in our duties to ensure that her voice is heard. And this provides us with an opportunity not just to represent Barbados, but also the small IFCs around the world on matters related to tax, international tax in particular, and the attendant regulatory and compliance issues that relate to it. So whilst the G20 nations, et cetera, would engage their minds around what is happening through the Global Forum and the Steering Committee, there Barbados is able to weigh in on issues and to help shape the international tax agenda for all jurisdictions.

Mr. Speaker, we certainly recognise that there will continue to be some challenges to this sector. Like I said,

one has to appreciate the game that is being played - or rather the rules of engagement - who are the main players and stakeholders and why certain things have been done. I've always said that if each country had relatively low tax rates, a relatively good regulatory environment and had no reasons for companies to go global or to shift their accounts, then there would be no issue regarding international tax matters from the developed countries in particular. And we continue to go there and champion the fact that we have merely been responding to challenges created in some of the developed countries to their legitimate entrepreneurs by providing opportunities for doors to be open for them to go global. So the fact that Barbados is able, through a regime or legislation, to create products that help investors from Canada, for example, to come through Barbados and to invest globally, make profits which they can repatriate to Canada as dividends from exempt surplus, relatively tax free, is indeed an opportunity that we cannot run away from.

And I say, Mr. Speaker, that today, according to the statistics I've seen for the last four or five years, Barbados continues to be the third largest recipient of foreign direct investment from Canada, currently processing over 60 billion Canadian dollars in investment through here. What does this simply mean? It means that major Canadian companies, including some medium sized family owned entities, opt to establish an office in Barbados, establish a company in Barbados, hire people to help them take their products and services around the world. They then pay the appropriate taxes in Barbados, adhere to all of our compliance issues and the profits they make, they're able to take back into Canada. I cite that as an example because Canada is our main source market and quite often you hear people say that these offshore international business centres do a lot of damage to developing economies - and that is a fallacy.

Mr. Speaker, I think these are the kind of issues we must wrap our minds around in this Parliament because no one must ever make us feel as though we are doing something wrong. Barbados has been able to help countries such as Canada grow the economy by the number of Canadian entities that have come through Barbados going global, made good profits, repatriated to Canada and been able to reinvest in the Canadian market. But more just as important, they've been able to venture into other markets, expanding the footprint of Canadian enterprise. Similarly, we are doing it with Mexico, for example, as we've done for Venezuela, where many of these entities are now using Barbados as the vehicle through which they can make their global investment. And we are happy to continue to do it. As a matter of fact, Mr. Speaker, we will do much more of it going forward.

As the Strategic Plan for the International Business and Financial Services Sector 2014-2019 so clearly points

out, Barbados has made a meaningful contribution to the world economy through our international business and financial services sector. The fact that we are able on an annual basis to facilitate and to manage and assess the US\$80 billion through this economy - or through Barbados, really in terms of the book value of the assets and the enterprises being moved around the world using Barbadian entities - is indeed very commendable. Quite often in my capacity as a minister, and in a previous life as an administrator in the particular industry, I've always been quietly amazed at the number of entities located in Latin America, in Africa and other parts of the world that are headquartered in Barbados. I don't think many people know, for example, that one of the largest employers in Honduras outside of government, with about 20 000 employees, is a Barbados company. And then there are other companies of similar stature around the world that actually do report into Barbados.

But we have these challenges that will pop up from time to time in terms of the OECD and the attempts certainly to keep more of the profits of their domestic companies at home. And that is why in recent times we've had the challenge of BEPS - the Base Erosion and Profit Shifting regime - that they sought to impose, which basically is looking at where revenue is generated and taxing therein. And here again this is a challenge to some people because it has labelled all of the IFCs with the same brush. I've always contended, and my Ministry has contended quite forcibly in this sector, that Barbados is not a brass plate type jurisdiction. We seek businesses of substance and therefore we are able to pass most of these stiff tests, as they call it, for those who come lurking around seeking to ask about BEPS and other things.

As a matter of fact, I believe that rather than quarrel about such, we must recognise the opportunity - the fact that we're able now to go there and say in response to the OECD Base Erosion and Profit Shifting regime that Barbados offers businesses of substance. You can come to Barbados and you can see international business companies at work. Not just a name on a door, but actually find a CEO, find a chief financial officer, a principal legal officer, a secretary, a maid, a driver, whatever. And that is the kind of business that we continue to attract and prefer to attract in this jurisdiction. And we simply do it, Mr. Speaker, because Barbados works. As I said earlier, competing jurisdictions sometimes don't have the human capital, don't have the business support services that are necessary to create that kind of enterprise. And therefore whilst BEPS may have painted many jurisdictions with the same brush, the reality about it is that Barbados can stand today and say that it is not part of it.

Inherent to this, of course, Mr. Speaker, and it bears a relation to what we're dealing with in terms of the corporate and trust service providers legislation, is to

ensure that we don't confuse tax evasion with tax avoidance. The reality about it is that tax evasion in any jurisdiction is illegal. And Barbados has never encouraged that. We will never encourage it. We don't do it for domestic taxpayers and we're certainly not going to facilitate it for international taxpayers as well. But certainly tax avoidance is quite legitimate. As a matter of fact, every time I file my tax return, I realise I can get a claim against the fact I have children, or in fact I may have mortgage interest or whatever. All of that is part of the legitimate tax avoidance structure that states offer. However, what the OECD and others have now come to the table and said is, well, yes, tax avoidance is quite legal, legitimate tax evasion is not. But they're concerned about aggressive tax planning. So now they want to penalise companies for saying, look, you have created a stumbling block and a hurdle in that particular jurisdiction, so I'm therefore going to relocate to Barbados where with upfront tax planning I can get a better return on the investment for my shareholders. And that is what they are now coining in the term aggressive tax planning, which some people want to argue is a borderline illegitimate activity. My contention is that it is not. Legitimate enterprises have a right to choose to locate their enterprise wherever they can get the best returns on their investments and protect shareholders' interests as far as possible.

We also have, Mr. Speaker, the issue of the domestic banking sector, and this is one that I'm not going to talk a lot about because there are some meetings coming up around it. But the reality about it is that with what has been happening in the last couple of years in the international financial world, Barbados is beginning to see an effect - an effect to the extent that some of our commercial banks in Barbados are posing a challenge to the international business and financial services sector. And I'm careful in these matters because one has to understand the risk component to the commercial banking sector and balance that against the growth and development of the international business and financial services sector. A company established in Barbados must have a bank account, or would wish to have a bank account, to do the global transactions. And obviously to get that bank account you have to go to one of the commercial banks and open it. If you are one of the licensed entities, automatically you can hold a bank account in the foreign currency of your choice. If you're a regular Barbados company, you can go to the Central Bank exchange control department and apply for the opening of a bank account in a foreign currency of your choice as well.

But we've recognised and realised in Barbados today, particularly in the last year, that there has been somewhat more of a challenge from the commercial banking end in facilitating the opening and operating of bank accounts by the international business and financial services sector. This is something of concern. And in

talking to some of the bankers, you realise that it may not have been a deliberate attempt on the part of the headquarters in Canada in particular to pick on Barbados, but they see the whole Caribbean as a high risk area. And that's the price you pay sometimes for where we're geographically located or who you associate with. And my office and others continue to talk with the bankers to try to work with them. And let me say thanks to the Central Bank of Barbados as well for their involvement in helping to bring a clearer understanding to the fact that it is not right to label all of us in the same manner and that we do have the kind of regulatory structures in place in Barbados that would negate rogue companies causing harm either to the commercial banks and their reputation or to Barbados as a domicile. The same way the commercial banks in Barbados do not wish to have rogue clients, Barbados as a national economy and society does not wish to have them either. And we will work in a very collaborative manner with the commercial banks in Barbados to ensure that there's clarity on issues, that we're able to mitigate against the risks to themselves as a commercial banking sector and to the Barbados economy.

And that is why what we're doing here with the new corporate and trust service providers legislation is so important in helping to raise the image of Barbados and helping to avoid or mitigate against some of the risks inherent in being an international financial centre and to ensure that our banking sector is very much on board and playing their part in helping us to grow this international financial services sector here.

Mr. Speaker, having said that, looking at the challenges we face, looking at what we offer as a jurisdiction, we have to constantly ask ourselves what are the opportunities that present themselves today? Because as I keep saying, we can't rest on our laurels. I am satisfied beyond a shadow of a doubt that Barbados can and will get much more in the international business sector. We have done reasonably well. If I can share with you, Mr. Speaker, in the House, some statistics - my colleagues who think I have a challenge with some numbers - in terms of the international business sector in recent times, certainly in terms of new licences issued in 2013 for IBCs, we would have issued 438 new licences. In 2014 they were up to 442 new licences. For societies with restricted liabilities, we maintain on average about 30 licences per year. What is instructive, though, is the ability of Barbados to retain these companies. Quite often we look at the statistics in terms of the number of new entities licensed. And I always caution, because new entities licensed - you may get a 20 per cent increase in new entities licensed, but that may only translate to a 2 per cent increase in gross revenue from the sector overall. So it's a little difficult sometimes when you start to call numbers like these. But it's very important that we reflect as well on those who have opted to remain in Barbados, as manifested through their renewal of their

licences, because it sends a clear message as to their faith in this jurisdiction - the fact that they're not moving in droves to other jurisdictions or closing in large numbers.

And let us remember that in the last couple of years this sector will also have come under pressure from what was transforming in the global economy. Because as companies in developed countries come under pressure, both in the domestic space as well as in the market around the world, contributed primarily by the financial meltdown, et cetera, naturally some of them will not look to go offshore or remain offshore. And certainly their bottom line would have been affected, certainly manifesting itself in an ultimate tax state. But in 2013, according to the information presented by my office, the Ministry of International Business, we had some 2 932 international business companies that paid their annual fees, which is basically that they renewed their licences. But that number had increased quite a bit by 2014 to 3 259. So we moved from 2 932 entities being relicensed in 2013 to 3 259 entities being relicensed in 2014. Likewise for societies with restricted liabilities, the number of relicensed entities in 2013 were 360 and that number had increased in 2014 to 389 entities. We continue, Mr. Speaker, to also improve upon the number of reinstatements issued - 123 reinstatements issued in 2013, and that number had increased to 129 by 2014 for IBCs. Likewise, we've been holding our own in terms of the international trust entities as well, making a meaningful contribution to our economy therein.

Mr. Speaker, one of the deficiencies in our international business and financial services sector - or rather two of them, I should say - relate to our ability to document the history of this sector. And I know that some work is ongoing in that, thanks in part to the Central Bank of Barbados and some other stakeholders. We're going to be working on that in a very collaborative manner, but more importantly to be able to measure in a sustainable way the contribution of the international business and financial services sector to this economy. And studies have been done and I'm happy to say that the Ministry is now in a position to be able to pull stakeholders together to work on a project to effectively measure the contribution of the international business sector to the economy.

One of the challenges that have emerged over time, and the Honourable Member for St. Joseph knows this only too well, has been that more and more investors have opted to use regular Barbados companies to conduct their international business. This has been a phenomenon and one that we certainly encourage. Because of the carve outs of international business companies out of some of the double taxation agreements, investors opted quite rightfully to go the route of regular Barbados companies. Now that means that departments such as the International Business Unit and others will not readily know which entities in

Barbados are really engaged in international business. So an individual can go to the Corporate Registry, Corporate Affairs and Intellectual Property Office, incorporate a company - in the articles they say that they engage in international business - they don't have to come to the Ministry of International Business for a licence, and they can go to the Central Bank and get Central Bank permission to open a bank account in a foreign currency of their choice. So therefore they may run outside of the catchment group for our sector as well.

And this, Mr. Speaker, inherently would create a challenge in being able to measure our overall contribution to the sector because they are indeed engaged in international business and in some respect financial services. But because we have not been able to clearly identify who they are at all times, we can't measure them. And therefore what we're seeking in a very collaborative manner with various key government agencies is to be able to identify and measure the contribution of those as well as the entire sector. And that is why at the very beginning I said a part of the process here today must be a redefinition of international business in the Barbadian context. It can no longer be just about those entities that are licensed under any of the licensing regimes - IBCs, SRLs, captive insurance, exempt insurance, trusts, foundations, whatever they are. Basically we have to move to the point where any entity that's engaged in business outside of Barbados, from within Barbados, is to be considered an international business. So there will be companies that are owned by Barbadians that are doing business in St. Lucia, in Grenada, in Luxembourg, in Madagascar or wherever, that will now have to be classified as international businesses. And that is very important, Mr. Speaker, because at the end of the day, anyone doing business outside of our shores can indeed put this island at risk from a reputational perspective if they ever opt to do something wrong. So we want to ensure that we are able to identify and effectively regulate them because there's just too much at stake. At the same time, of course, we wish to do it in a manner that does not frustrate legitimate entrepreneurs, because at the end of the day, the more companies we have in Barbados doing international business, the more beneficial it is for the social and economic development of this fair land. So therefore, we think we've found the right balance at this particular juncture in our development where we're able to bring legislation such as we have today to this House.

Mr. Speaker, I'm satisfied that with the various structures, whether they be domestic or traditionally international entities, Barbados is well poised to get a fair share of the global market. We talk about the traditional markets of Canada and the UK, et cetera, to a lesser extent, and Latin America. But we believe in the government that there is a lot of untapped potential, a lot of potential for Barbados' international business sector to grow. And where would it grow? I believe it's well captured in the strategic

plan that we outlined and laid here in Parliament last year. But to speak specifically to a few - Canada remains our main source market. I know there are those who hold the view that Canada is a tired market, that Canada is at the end of its day for Barbados. You know, they said the same thing about tourism. And thanks to the Honourable Minister for St. Michael South Central and the Minister of Tourism, he has proven them wrong and has been able to grow that market in Canada. And I give great commendations to Minister Sealy and his entire team for the work they've been able to do in the Canadian market for tourism. And I wish to say that we are doing the same in international business as well, where tourism and international business can work hand in hand to grow out some of our existing markets.

We will do that because at the end of the day, the more entities we get from Canada or wherever coming to Barbados to do business, the more the aircraft that the Minister for St. Michael South Central has been able to successfully negotiate to fly to Barbados, the more seats will be filled on those aircraft coming down here as well. But we've appreciated that the Canadian market still has a lot of potential. There's a level of stability in that economy, some growth prospects, and we want to be there with them to help them grow out internationally as well. And that's why under the Income Tax Act, section 12H, we've recently added warranties business as another opportunity for Barbados in the product mix out of Canada in particular. So those entities engaged in producing goods or providing goods and offering warranties can find that Barbados becomes the domicile of choice to manage such kind of entities. We certainly have done it hitherto in the mining and extractive industry. We will allow a similar carve out under the Income Tax Act for those entities that engage in such businesses.

And why is that important? Last week, for example, Mr. Speaker, as I said earlier, I was in Toronto braving the very cold weather in the interest of Barbados to ensure that our voices were heard where it matters most, at a particular mining or extractive industry conference,

where we got the chance to rub shoulders with and to engage constructively with service providers in the Ontario area who provide advice to financiers and to Canadian entities that opt to go into the extractive industries in Africa in particular. And as I said in an interview with Business News Network in Toronto last Tuesday evening, Barbados is there to hold the hands of Canadians and march them into Africa in a very constructive way. So I expect we're going to see going forward more Canadian investors using corporate structures in Barbados to facilitate the investment into the mining industry, whether it's gold, diamond, whatever, the extractive industries on the African continent to make it happen. And we're going to work with them because we have decided in the government of Barbados

that we're going to support and engage in Africa project. You know, quite often people hear when they talk about Africa, back to Africa, talk about cultural linkage or historical linkage, etc. Those things are of fundamental importance. But you know what, there is some money to be had for Barbados out of that too as well. And I certainly accept in my ministry and the government certainly accept that we have to negotiate more double taxation agreements and bilateral investment treaties with the African continent in order to facilitate inward investment through Barbados into African countries. And that is why last December we were able to sign a double taxation agreement with Rwanda. And I wish to thank the officers in Ministry of Foreign Affairs, our officers stationed in London, in particular the Prime Minister's office and others, for having that agreement negotiated in record time in 60 days. And let me say that it was a collaborative effort, not just within the public sector, yes, but we had a very successful Canadian investor in Barbados, maybe a client of the Hon. Member for St. Joseph, I don't know, who was able to use his contacts in Rwanda to help us quickly facilitate that double taxation agreement coming out of discussions last week in Toronto. We are going to aggressively pursue similar agreements with Swaziland, with Kenya to get that tidied up as well, Ghana to tidy up theirs, and several other African countries that we recognise have tremendous potential to attract foreign investment into their countries. And we want it all to happen through Barbados.

Likewise, we recognise that in Latin America, the Latam area, that there is indeed tremendous potential as well. We have double taxation agreements in place, I think Mexico, Panama and Venezuela. Those come to my mind right away. We successfully negotiated a tax exchange information agreement with Colombia and my staff is working on marching that upwards to obtain a double taxation agreement. Likewise, there are several other countries on the South American continent that we've accepted offer tremendous potential to Barbados in two ways. One, their locations where investment will flow from up north into. And secondly, the used financial reserves that they have will certainly facilitate them or allow them to go out of Latin America into other parts of the world. And we wish for Barbados to be the conduit through which that investment is facilitated as we collect our fair share of taxes, expand employment opportunities for our young people in particular, and help really and truly to grow the name of Barbados as a domicile of choice for our international business.

But apart from the markets that we're going to be expanding into and the markets that we're in that we're going to be expanding domestically, we also have to look and ask ourselves what additional value can we add to those companies already here? I've always maintained it ought to be a lot easier to retain and expand a company that's already in Barbados than it is to go find new ones.

Now we need to find the new ones, of course, but I believe greater effort must be placed on working with the existing companies in Barbados to see what more value Barbados can add to their global corporate mix for the benefit of themselves as company and for the benefit of Barbados. Now, the entities that have come here to Barbados maybe 10 years ago or whatever and may have started out as an offshore bank, but then they've gotten into, through their own structures, trust companies, foundations, IBCs, some of them have been able to bring along other companies in their corporate mix to go global. You know, we've seen some entities go from a one man, two man show into maybe 10 or 20 employees as they've added more and more to what the Barbados office can do. And I think that - and I know the Prime Minister will not disagree with this - but we have to deploy some human resource into working with those existing companies, to ensure that we get more. We can't stop talking with them, we can't stop marketing to them because they're the ones who are going to add more to what Barbados can do for them. And naturally they're the ones that are going to help in so doing keep Barbados flying out there in the global arena as a domicile of choice for international business. Mr. Speaker, I'm very satisfied that direction is the right one and we're certainly working on getting that out more and more going forward.

In respect, Mr. Speaker, to the bill, as I stated earlier, we are very clear as to the purpose of the act which is to promote and maintain high standards of conduct, et cetera, among these service providers in this country. And let me say that, you know, one may ask why this emphasis on service providers? When an entity decides to establish in Barbados, we have to ensure that they follow all the rules for incorporation right down the line, the licensing, etc. But the regulator must be in a position to ensure that due diligence has been done on that entity, as I keep saying all the time, not just because of anti-money laundering rules and CFDA rules and OECD and global forum etc., but simply because Barbados has always prided itself as being a clean jurisdiction for corporations to flourish. We want to ensure that those who come to our shores or those who are here are well regulated and comply with all the necessary laws and regulations of the country. But the regulators, in this case the International Business Unit in the Ministry, cannot for all practical purposes do in and by itself all of the necessary investigative work, all of the necessary regulatory compliance work that needs to be done. It is our responsibility to get it done, to ensure it is done. But for all practical purposes that is not feasible. So what we've done, as it did in 2011 and continues today, is to do what most reputable jurisdictions have done, which is to say that you must have a service provider. So if you wish to engage in international business in Barbados, we are saying you must have a service provider, an individual or an entity to whom the regulator - in this case the Ministry of International Business, FSC or Central Bank, whoever - can go to for the inspection of records on the company, which you all

require to keep anyhow as good corporate secretaries; for information on shareholders, all beneficial shareholders of companies. So we're able to lift the veil all the way up, as you say, in the legal and corporate world; for financial records; for information on directors who owe a duty to the companies, etc. At the end of the day it is about ensuring that each company engaged in international business in Barbados has a licensed service provider who is responsible for the collection and keeping of records and the interaction with the regulator on all matters pertinent to the operation and existence of that entity in Barbados and indeed outside of Barbados, once it impacts upon us. Mr. Speaker, that is a decision that has been welcomed as it was back in 2011 and today.

Now, one of the weaknesses we recognise in the 2011 act was that, as I said earlier, we were not capturing those domestic companies that are engaged in international business. Now there is a school of thought that all companies incorporated in Barbados should have a licensed service provider to provide the services, as I mentioned earlier. Why is that? The ideal situation that we like to march towards - the reality about it is not very practical at this juncture of development. And we are not writing it off. We are simply saying let us start with those domestic entities that we know are engaged in international business and the framework has been worked out to identify who they are. Of course they have to go to the Central Bank to get foreign exchange permission. Many of them do have lawyers and accountants who do the incorporation, know what the articles say. Of course we work with the Corporate Affairs and Intellectual Property Office and my ministry to ensure that these things are addressed. It is important and very instructive that we must have these service providers licensed so that we can regulate them. And this legislation, unlike the previous one, which did not capture a lot of what we saw - the capture and regulation etc. - speaks forcibly to the definition of service provider, the licensing requirement, the fees attendant and the qualifications. Because at the end of the day we want to ensure that those who offer the services of service provider in Barbados to corporate and trust entities meet all the highest standards that we set for them.

Now, one of the issues that have arisen relates to members of the legal and accounting profession in the sense that there's been a school of thought that lawyers and accountants are already regulated - in the lawyers' case through the Legal Professions Act and the Bar Association, and the accountants through ICAB, et cetera. And therefore are we double dipping or double regulating by saying that members of those two professions in particular who wish to be licensed, who wish to be in the service providers business for corporate and trust entities, should not be licensed on their separate regime. And Mr. Speaker, we have stood our ground and said, look, notwithstanding the fact that you are a member of the Bar Association or ICAB,

if you wish to provide services to the international business and financial sector as defined in the law, you have to be licensed and regulated under the Corporate and Trust Services Act 2015, which once it becomes the act they're in. This will also, to my mind, help the particular professions in particular in ensuring that no settlement for anything but the highest standard among those professions, and certainly respected international business and financial services entities. So those who want to be registered, of course, will apply to the Director of International Business.

One of the issues that have loomed in this debate with stakeholders has been about who should be the regulator. And of course there are many who feel that the Director of International Business should not be the regulator. I would address that in a very frontal manner because the truth of the matter is that the Financial Services Commission was established to regulate non-banking institutions. And I am very committed to ensuring that we are able over time to move the regulatory aspects of the non-banking sector that currently lie in the Ministry of International Business over to the Financial Services Commission. And there have been dialogue on the way between the FSC and the International Business Ministry and the Ministry of Finance in respect to that. But that is going to take some time. Staffing issues, logistical issues, legislative reforms, et cetera. So we need to get this matter concluded and therefore we've agreed that the best way to do this at this point in time is to have the Director of International Business be deemed in law to be the regulator. And that shall be so until otherwise defined going forward.

We also, Mr. Speaker, in this particular legislation have addressed a niggling issue which is the issue of licensing directors. There are those who subscribe to the view that all directors of all entities engaged in international business shall be licensed and shall be regulated. Mr. Speaker, I don't need to remind yourself and others who engage in legal work and corporate work of the mammoth tasks that will be involved in capturing information by the regulator, to be able to license each individual entity. And the school of thought that we've settled on is that where the service provider is now mandated to capture and retain information regarding directors, to know your client, to enforce the high standard know-your-client rules, KYC and all the anti-money laundering issues and things that attend thereof, there's no need for the Ministry or the directors' regulator to be the one collecting and capturing and retaining that information on individual directors. However, where a company offers itself directorship services, then that company shall be required to be licensed and regulated by the International Business Unit in the Ministry. So for those of you who have companies whose principal purpose is to serve as directors of other companies, you will be licensed and regulated by the sector. This is, to my mind, the best

compromise at this point in time, bearing in mind in particular that the focus is on the service provider who is going to be responsible and who will have some heavy fines attached to them if they do not comply with what is required.

So, for example, the person who contravenes subsection 1 of the act, which is the services provided, is liable on summary conviction to a fine of \$50 000 or imprisonment for two years, or to both, and where the offence is a continuing one, to a fine of \$8 000 for every day or part thereof which the offence continues after a conviction is first obtained. And this ought to send a strong message that it cannot be business as usual. If you're going to make the effort to increase and improve upon the reputation of this domicile and to generate more business in the international business sector, and to have a licensing regime for service providers, we must have the attendant strong penalties for those who ought not to follow the rules or follow the law. So I'm satisfied that a fine of \$50 000 or two years' imprisonment or both is onerous enough to want to have those who would think otherwise avoid behaving like rogues and vagabonds. Likewise, a fine of \$8 000 per day once you have been convicted of such, and you continue to do that as well. So the issue of the service provider and the function and fees is there. The duties of the service provider is also there.

We also, Mr. Speaker, have gone a little bit further and have made it abundantly clear as to what the service provider is expected to do in advertising their services. You cannot go there and falsely advertise Barbados and do anything that damages our reputation. Likewise, you are not required to go there and offer services that you know you are not allowed to provide to your international clientele. We've also said that service providers must have signed agreements in place with their clients. And this is important because as we march towards a full service providers regime in Barbados, we want to know that there's a greater level of protection for the clients. So the clients therefore must have a reasonable expectation, as assigned in a signed contract, as to what the service provider provides to them and vis-à-vis what the client is required to provide these service providers for the appropriate fee that they're charging. We therefore, Mr. Speaker, feel strongly that this indeed has become a necessary part of what we're doing in building out this regime for this sector.

We've also spoken to the issue of client property, issues of conflict of interest, identifying and addressing them in a very frontal way so as to ensure that where you have, for example, a service provider who may have two clients that conflict with one another, that is brought to the attention of the clients expeditiously and matters are dealt with accordingly. We also have addressed matters regarding complaints, business disruption, the fact that service providers shall not act in a manner that is

detrimental to the clients or the country at large. We also have clearly stipulated what needs to be done where a service provider no longer wishes to have a client as their client and also where a client wishes not to have a service provider as their service provider, this is necessary with timelines attached therein so that there's very smooth operation of the business, ensuring that the regulator is always kept in a position to exercise his duties in an unfettered manner. And this, Mr. Speaker, we consider to be very, very important.

Of course, we recognise that in the field of international business, companies will do things beyond our borders that we may not always be fully aware of. And where directors or entities are engaged in activities that contravene the laws of Barbados, it's the duty of the service provider to bring that to the attention of the regulator so that action can be taken in a timely manner. Remember, Mr. Speaker, I keep saying at the end of this all is about how do we maintain the reputation that successive generations, successive governments have worked so hard to build up for Barbados as a domicile of choice for international business and financial services. We've also addressed the issues of accounts and audits as well as record keeping, provision of information to directors. And also in this we have made very clear, thanks to the Money Laundering and Financing of Terrorism Prevention and Control Act of 2011 and another piece of legislation, a situation where the Director of International Business and/or the regulator is empowered to inspect service providers' facilities and records to ensure that they're in keeping with what is required by law going forward and also to give directives and to impose the appropriate sanctions and other measures in respect to service providers for this country.

Mr. Speaker, we also recognise the importance of the need for us to be able to suspend and revoke licences in certain circumstances. And here again this legislation has clearly identified the circumstances under which the regulator may revoke or may suspend the licence of a service provider. It's no sense having this legislation, it's no sense striving towards having a jurisdiction beyond repute, if the regulator does not have the powers to suspend or revoke the licence of a rogue service provider. It will do untold damage to this jurisdiction if we know that someone is not acting in the best interest of Barbados and we allow them to continue to operate in an unfettered manner. Of course, it also addresses the issues of those who pretend to be service providers before having the appropriate licence to do that as well.

Confidentiality is also very critical. Recognising that in this world of international business and financial services it is extremely important that we maintain a level of confidentiality. We don't wish to be known as a jurisdiction where you can go willy-nilly and get all the

details, financial or otherwise, on a company - it really defeats the purpose of having the corporate structure. So we want to ensure that the service providers are able to keep information in a confidential manner. But we also want to know that the regulator also is duly bound to keep information presented to them in a confidential manner. Because the failure to do that we quickly find that the reputation that we worked so hard to earn over the last couple of decades amounts to nothing because you have these indifferent regulators or clients around here.

One of the differences too between this 2015 bill and the 2011 one is that in 2011 it would be somewhat a little more challenging for the government of the day to make changes to regulations. This particular bill before us today at section 36 says the minister may make regulations for giving effect to this act, for prescribing anything required by this act to be prescribed. And that, Mr. Speaker, brings a level of dexterity or a level of flexibility to ensure that where we need to make minor amendments that can be done before engaging in the long debate necessary in Parliament, and to be done in a very timely manner by the Minister, whoever he or she may be at the time, to issue necessary regulations therein. Hitherto in 2011 it would be in a rather complex arrangement for those to take place.

Of course I wish to stress, Mr. Speaker, that we've outlined a fee structure in the second schedule of the bill before us. So this has been a little sticking point in some quarters and I'm sure that the lawyers and the accountants can readily appreciate it. There's a school of thought that the fees to be charged to service providers in the international business and financial services sector ought to be pitched rather high so as to ensure that only those who are of the higher standard are able to be licensed. Now I must say that this is one area that has been a little source of disturbance. I take responsibility for it because I took a position that can also keep out legitimate, especially young entrepreneurs who enter the professions for mentoring the corporate and trust services providers business. I don't think that it would be fair to say, for example, to a lawyer who has to pay, I don't know, \$3 000 or so in Bar fees per year, that you also must now come and pay an additional \$5 000 or \$10 000 on top of that to be a service provider in Barbados. I really thought that was a little onerous, particularly where we have mechanisms in place. I don't think that the high fees in a case like this can become enough of a disincentive for those who wish to enter. And the truth of the matter is that there's very little correlation because the very high net worth individuals or the rogue individual entity who wish to enter the business are the ones who are going to pay a \$10 000 fee to enter if that was it. So I really can't see why you need to pitch your fees so high. So therefore we have settled on what we deem to be a reasonable fee of \$2 500 per year for those who wish to be licensed as service providers in Barbados. This I thought

was a good common ground, one that we certainly will continue to work on.

So Mr. Speaker, I'm satisfied that what we're doing here today in this Corporate and Trust Services Providers legislation would really help to transform Barbados as a jurisdiction of choice for the discerning investor and more importantly help to boost our reputation as a well regulated jurisdiction. Service providers over the years have been very instrumental in helping develop the sector. Barbados' international business and financial services sector could not have reached the stage we reached today had it not been for entities like the Barbados International Business Association. And I wish to thank them for their sterling contribution to development in the sector. I could not have reached this stage without the involvement and support of ICAB. I wish to thank the accountants' body for their continued support, of course the Bar Association as well, who've been very instrumental in giving advice and being at the table where it matters most in some of these issues. We have not always all agreed on the way forward. We've not always all agreed on certain points of the law. But suffice to say there have been well-respected discussions among all parties to ensure that we get to the juncture that we are at today. And I wish to thank those service providers, even though there had not hitherto been the law to govern them, who have been out there in the marketplace pushing Barbados' name as the preferred jurisdiction for international business.

If there's one thing that we must say is admirable about the international business sector in Barbados is that it is still pretty much private sector driven. Private sector driven as manifested by the fact that what the state invests through regulation, through marketing, licensing regimes, and what we get in return is indeed significant. I estimate for every \$10 million that we have spent, I imagine we get in excess of \$50 million back. The reality about it is that we have done very well in terms of making this more and more a private sector part of the economy. Certainly the initiatives in terms of providing ideas to the ministry as to where we should be going and the kind of legislation we should be bringing to the table,

the kind of products to be created is indeed important. And as we look towards the future, Mr. Speaker, for the international business and financial services sector, I am eternally optimistic. We are satisfied that as the world economy rebounds, as more and more companies continue to go global, and as Barbados continues to roll out its network or increase its network of treaties, as we continue to improve upon the governance structure, the regulatory compliance sector here in Barbados, that we will see, continue to see tremendous benefits for this sector. And what does that mean? It means jobs for Barbadians, not just those in the accounting and legal field. It means jobs to the average Barbadian who is going to be an administrator in

the office. It means jobs to those maybe on the lower pay scale who may find work in support services. It is going to mean increased rent and income for some who are in that business, both residential and office. So the sky is the limit. And it is a sector that really and truly we are not going to ask that space for another 20 or 30 million dollars to develop. I think that the mix and this structure we find thus far have worked well. A little creaking here and there, but a joint public-private sector operation to drive this sector forward will be what this Government will certainly continue to pursue.

There are a few specific products or areas that we will zero in on in the short term. One relates to international arbitration. Let me say, Mr. Speaker, I feel very, very strongly about this, as so too does the Attorney General, I believe, and several others on this side. Barbados has the potential to become a centre for international arbitration. And as a Government, we are very committed to seeing this happen. We have the legislation in place already. We have bright men and women here that can drive it and make it happen. We are going to improve upon the legislative framework. I have certainly had discussions with members of the judiciary as well as members of the legal profession who will be spearheading it. The Government has invested in some training of judicial officers thanks to the OAS and others. It is our considered opinion as a Government that we have the right mix to make Barbados an international centre for arbitration. That, Mr. Speaker, is going to help drive more business to Barbados. It is going to help boost Barbados' reputation in the global market. And shortly I believe I will be able to come back to Parliament and speak more forcibly on the next steps. But it is a matter that we are not resting our laurels on. It is an area that I consider to be a low-hanging fruit. A lot of good work has been done over the years. A lot of good papers have been written, others have come here, and we are ready to roll forward in making Barbados the place for alternative dispute resolution.

Mr. Speaker, we are also satisfied that there is great potential for an international trading floor to take place in Barbados. Last week, Tuesday, I took part in the ringing of the bell - I think it is called - on the Toronto Stock Exchange, along with the Ministers of Mining from South Africa, Kenya, one or two other African countries, and the Minister of International Trade of the Federal Government of Canada. But what was most instructive to me - because I do not play the stock market - but what was most instructive to me is the fact that it was not a large space. Technology was at work at its best. And you had companies whose shares are being bought and sold in a very, very dynamic way. And the truth of the matter is that Barbados is now an international business centre, an international financial centre. And therefore we have all of the opportunities now to create an international trading floor for those entities that do business globally. And I am

satisfied that some good work has been done by folks here at the Stock Exchange. The general manager is very passionate about it. He has my full support, likewise some other stakeholders. And we will be marching together hand in hand to ensure that Barbados too develops that as well going forward.

We also, Mr. Speaker, of course, as the Government has rolled out a high-net-worth individual programme in terms of some reforms - immigration policies which have been designed to be successful in attracting high-net-worth individuals to Barbados. Yes, there have been some challenges. It has not worked as smoothly as one would have liked. But I believe in the last year we have certainly approved our facility for about 55 or so of those high-net-worth individuals into our shores, to bring sizable fees and sizable investment to Barbados. And this is something that we will continue. We continue to work with the stakeholders. Recently the Minister in the Prime Minister's Office, who has responsibility for immigration, facilitated a meeting between the Immigration Department, the Barbados International Business Association, and other stakeholders to discuss the issues. And I think that exemplifies the way in which this Government works. You hear of an issue, let us sit down around the table as friends and talk about it. Let us find practical solutions. And certainly we have been able, in listening to the challenges that the sector and the service providers have faced in addressing the high-net-worth individuals immigration policy programme, to be able to find solutions. And firm decisions were made there and then at the meeting that have been conveyed to the stakeholders. And I am satisfied that we are definitely moving in the right direction on that.

We have also certainly, in terms of the Corporate Affairs Intellectual Property Office, been advised that that department has actually started to do more online business. Remember a few weeks ago here in Parliament in the Chamber, we would have discussed the Electronic Filings Act, amendments to the various pieces of corporate legislation governing corporate matters in Barbados. And that was designed, as I said then, to ensure that Barbados is quickly pushed into the 21st century by making our corporate registry a more online corporate registry. We are not yet there. There are still some human resource issues that have to be addressed. But I am satisfied that the Registrar and her team are doing their best in these circumstances to get us in that direction. I have only yesterday requested a meeting with the Bar Association and ICAP to provide the opportunity where they can sit and clearly identify to me as Minister the challenges that they have with the Corporate Affairs Intellectual Property Office, and that we can put our heads together and find practical solutions.

I know some of the issues, Mr. Speaker. We have heard about the length of time it takes sometimes to have

matters addressed and adjudicated. The length of time it takes sometimes to get documents notarised. The length of time it takes to get some documents, period. And these are matters that we want to hear more about - not just the complaints, but what solutions we can find. Because we are going to get fully to the place where in a matter of hours companies can be formed. Right now, in spite of whatever one may say, as long as all of your documents are in order, you can have a company formed in Barbados in 24 hours. As long as all the documents are in order. Sometimes the Corporate Affairs Office gets a lot of blame, but really through no fault of its own - sometimes it is the service provider and their forgetfulness in telling the client that is their fault and not the Corporate Affairs Office's fault. So Mr. Speaker, that is the issue. We also recognise that sometimes in terms of share transfers and valuations that may fall outside the remit of the Corporate Affairs Intellectual Property Office, as they have to depend on the BRA. And there again, discussions are ongoing between the BRA and Corporate Affairs as to how we can have a more speedy turnaround on these matters.

One of the fundamental issues that lie at the bottom of all of this is the fact that where clients have to ask the competent authority for a decision or to bring clarity to a policy, then that particular competent authority must act expeditiously to do that. If there is one thing that the corporate world wants - whether it is the corporate arena in Barbados, in Canada, the US, or wherever in the world - it is a sense of clarity in terms of doing business. People like to know the rules of engagement. They like to know that regardless of whoever they go before, they get the same level of service and they get the same kind of answers. This is a level of consistency. And of course here, like in other places, sometimes that clarity does not exist, and it is our goal in this Ministry and certainly in the Government on the whole to help to remove a lot of ambiguity and to have decisions made in a timely fashion. We are going to address, or continue to address, a lot of these issues and get things done.

So Mr. Speaker, in closing, let me just summarise by saying that this Corporate and Trust Service Providers Bill 2015 that is before us today is a manifestation of Government's continuing efforts to transform the international business and financial services sector. We recognise the tremendous economic benefits that have accrued to and will continue to come to Barbados from this very, very important sector. But we cannot rest on our laurels. We are seeking to ensure that we have a régime that licences service providers, that we know exactly who the service providers are, with all the attendant penalties for those who break the law. And this will ensure that Barbados is well recognised as a well-regulated domicile of choice. So with those words, Mr. Speaker, I beg to move.

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

Mr. D. D. MARSHALL: Mr. Speaker, I wish I could say we had the benefit of an exposition from the Honourable Minister. Over the last 40 or so years there have been many speeches on the international financial services sector in this chamber. Some of them have added, others have confused. I am still in some doubt as to exactly the state of mind of members of this chamber. The honourable member, having just spoken, he has served as minister, and I believe he has the advantage of being one of the few members of this chamber at any time who served in the capacity as minister responsible for financial services, against a background of having practised in the financial services sector. I believe, Mr. Speaker, that most of the attorneys in this chamber will have at some point in time been engaged in activity in that sector and also some of the accountants who have passed through these august halls.

I wish, though, to ask the member who just took his seat if he would be so kind as to offer this chamber a clear explanation of why it is that in 2011, sir, a bill came to this House seeking to regulate service providers in the international financial services sector. At that time, the honourable member and the minister on that occasion, who is no longer here, former member for St. James Central, spoke as if that piece of legislation was perhaps the most novel and brilliant thing to have emerged from the bosom of that ministry by way of the Attorney General's chambers. It was brilliant according to them. It was desperately needed, according to them. But that piece of legislation, Mr. Speaker, was never proclaimed. And in fact, just under four years later, the honourable member for St. James South is standing here presenting a new bill, section 40 of which says that the 2011 Act is repealed. Just four years, sir.

Mr. Speaker, we understand the importance of legislation changing to adapt to the times, changing to adapt to a different framework. But what we don't understand, Mr. Speaker, is how is it possible that the ministry could have so misread what was the landscape at that time, that under four years later, the minister who spoke about the last bill as if it was God's gift to Barbados, how is it, sir, that he comes today? Almost sheepishly - not quite, just almost - hardly mentioning to this chamber that the old bill is being repealed, offering no explanation as to why the former bill was never proclaimed and failing in large measure to highlight the impact of the various clauses before us. His silence, Mr. Speaker, I would contend, is deafening. But perhaps when one doesn't know, it is best for one not to say. And I wonder if that was not the situation that confronted the Hon. Minister.

Mr. Speaker, we on this side expressed significant disappointment in what was presented to the chamber on

that occasion. And we would have hoped that the intervening years, including an intervening election and a change in minister, would have seen something earth-shattering coming so close on the heels of that last bill. But it appears as though in terms of salient features it is the same old coal pot that has been served again to this chamber.

Mr. Speaker, I wish to ask the Minister what exactly is the mischief that this bill is aimed at? Is the Minister able to tell us that in the last 50 years since the financial services legislation has been here that we have had difficulties with the service providers? I served as Minister for three years. The Hon. Leader of the Opposition served, I think, for a similar period. I'm not going to be distracted by the member because I believe that when the member and I will get to it later - because the member is drawing a salary but he should put his salary in the treasury - I don't want to deal with it now. But he boasts about the numbers. He boasts about the numbers of licences renewed, the numbers of new companies, but he does not tell Barbados about the disastrous and precipitous drop in revenue from the international financial services sector. And it is not, sir, limited to the fact that this government had to scramble and reduce the tax rate. A large number of the best performing companies, sir, have fled these shores under the Democratic Labour Party administration since 2008, sir. And we understand that there is another big one that is due to close at the end of May. That is something to brag about. That is something to brag about. This government should bow its head in shame and should not come in here and talk about hiring a lot of Bajans. Talk about the Bajans that had to get sent home because the IBCs have left. So the Minister should talk about that, sir.

But I revert back to my original point. What is the mischief? Where is the litany of complaints? Sir, when I was Minister, there were no complaints coming to the International Business Unit in relation to service providers. And I dare say when the Leader of the Opposition was Minister, the same prevailed. So I don't know what has happened between 2008 and now. There is a fundamental principle about regulation, especially when you are looking to regulate the private sector. I have said it before, I will say it again. It is called light touch. We don't need the Director of International Business policing the sector in the way in which this bill is seeking to do. Who is the Minister trying to please?

The Minister boasted that he set the fees low so as not to keep out people. That is a laugh - that is putting up a straw man to knock it down - because I don't believe that these fees are low. But even if you consider that the fees are low, sir, the number of hoops that you have to go through, the levels of compliance and the attendant cost thereto effectively means that the cost of international business in Barbados will skyrocket. It is a simple thing,

you know, sir. Today any individual can engage in international business. Now the Minister should be careful because the Minister engaged in international business, managed scores if not hundreds of IBCs, and was not subject to any of the strictures that he now seeks to impose on the people who are now doing it. I have no doubt that the Minister would have been able to comply with every single one of them. The Minister is an honourable man. But I am concerned, sir, about young Patsy or Patrick who manages to incorporate a single IBC in his or her first year of practice and is able to charge a generous \$3 000 Barbados dollars - even \$3 000 US dollars, sir. But you know what? Before young Patsy or Patrick can accept that instruction, they must have registered and sought a licence. The application fee is \$2 500. The licence fee is another \$2 500. And before the International Business Unit will even grant them permission, they must have been able to present proof of professional indemnity insurance which will cost at least \$25 000. And they only do one company.

Mr. Speaker, we constantly talk about the cost of doing business in Barbados. I do not rail against the fact that any service provider must have professional indemnity insurance because they should. I do not even object to a licensing regime because it is important that the persons with the overall supervision of the sector should know who is doing what. But I do object, sir. I do object to this government, in a super-competitive environment, taking measures - deluded that they are doing it in the interest of a sector - when all that will achieve, sir, is to cause people not to come to Barbados. Because instead of being able to reduce our fees in line with what is happening in St. Lucia and St. Kitts and in other jurisdictions that are nipping at our heels, sir, this administration is saying, oh, we have to regulate - as if they must regulate and therefore are going to do things to carry up costs, because that is what you are doing, sir.

Now, certainly when we served in government we operated on the basis that when the government charged licence fees - when we as an administration, as we used to be and as we will be again, charged licence fees - those licence fees were calculated on the basis of the level of service that would be provided to the sector by the administration. So in other words, you didn't just pick a number; you asked yourself, well, we are regulating the sector - what are the regulator's needs and what is the value added that the sector will get? And you do a financial analysis and you come up with some licence fees.

Now, sir, I have looked at the duties of the Director and I really feel sorry for him. The government took some headache off of his shoulders by having perpetual licences in the financial services sector - a wonderful thing. But now that the Director has to regulate every single service provider, examine books, examine files, do investigations, I want the Minister to answer the question: how much

additional staff is the Minister providing for that unit in next week's estimates? I would like the Minister to tell us that, because for every single service provider you only have six months from the proclaiming of this bill. And in that six-month period, sir, they will have collected the handsome sum of \$5 000 from every single body who so much as even wants to be a company secretary - something as small as that, sir - and coming with it is a very serious level of obligations thrust on the International Business Unit. Now, either the Minister does not believe that the duties under this bill will result in more work, or he believes that it will result in more work. If it does not result in more work, then I have to wonder if the department is not currently overstaffed. If it results in more work, the Minister is under an obligation to tell us what arrangements are being made with the Ministry of the Civil Service to deal with it.

I am especially concerned - my colleagues and I - about the cost of doing business in Barbados. I have heard the Minister, this very Minister, talk about how competitive the international environment is, how we need to completely transform how Barbados does things so that we can stay on the cutting edge. But yet still, the Minister obviously feels comfortable imposing a whole new set of obligations on individuals that did not exist before - all of which are guaranteed to make us uncompetitive. I don't know how the Minister can justify that, sir, and can consider such an approach to be consistent with his many pronouncements.

Mr. Speaker, I have asked earlier: what is the purpose of regulating this sector? Now we know why you regulate doctors, because obviously you want to make sure that a person who wants to practise medicine - who has the life and health of Barbadians in their hands - must reach a certain minimum level of qualification. In fact, sir, the law spells out what that minimum level of qualification is, as it is for nurses, as it is for paramedics, as it is for pharmacists. In this bill we keep the same level of subjectivity that obtained under what was before us in 2011. The Director must be satisfied that an applicant is a fit and proper person to provide the service in respect of which his application is made. Now, I don't know how the Director of International Business is going to engage in this particular piece of measurement. The Director has to determine if you are a fit and proper person - on what measuring stick?

He must determine if you have the financial standing necessary to carry on the business of providing the service. On what measuring stake is it that the individual must have? \$10 000 in the bank? \$100 000? A million dollars? What financial standing are you talking about? I am particularly concerned that there is going to be a public officer who is going to receive an application from one person and he is going to say I like your qualifications but I don't like his. I believe you have financial standing because

your father was Mr. So and so. But I don't know anything about you. Why are we giving that power? The law is here. The law simply says that you must submit to the Director and you shall take into account - he only has to take it into account. That's all he has to do, take into account. Sir, you must take into account the educational and professional qualifications of the person. Well, I hope the Minister knows his section A clause because there is a clause for the moment, clause A3A. He must take into account whether the person is a member of a professional association. He must take into account the knowledge of the person of the legal and other professional responsibilities assumed or likely to be assumed. So in other words, the Director of International Business with whatever qualifications he or she has will sit in his office and make a determination on whether the Member for St. George North or St. George South knows enough about the financial services sector such as would merit a licence. The member may look at me and say, you, Dale Marshall, do not know enough. But he might also look at the current Minister and ask the current Minister - because you know the Minister is going back to practice. The Minister is going to leave government. But one day coming soon, the Minister is going to leave government. I hear he is a real estate magnate. He might be a real estate magnate, but I don't know if he is a magnate. But what I do know is that he had a very successful practice in international financial services and he cannot get grandfathered and he has to go and apply for the same licence that I have to apply for. I do not think the Minister will be comfortable. I can tell the Director, I want you to look at every qualification that the member got and I want you to call him out here and ask him ten questions - such as whether you have to register an international trust - because the Minister does not know. And then he would not get the licence. Are we honestly taking Barbados back to this kind of arena where instead of your ability to work hard, you are now going to be gauged before you even set foot in the financial services door and somebody can determine whether you are able or not?

Mr. Speaker, I am also concerned that the Ministry has not taken into account recent legal developments because the Director of International Business is able to go into people's offices, licensees' offices, and demand files to ensure not only compliance with the money laundering legislation, but also to obtain documents to see if your clients are complying. Now, perhaps the Attorney General's office should have advised them, but in - I think it is December of last year - there is a significant decision on this area coming out of the High Court of Jamaica called the Jamaica Bar Association against the Attorney General, a decision of Mr. Justice Sykes. And in February of this year, a decision which followed Sykes - Canada, Attorney General for Canada against the Federation of Law Societies - all of which say, and you will pardon me for focusing on the legal side of things, all of which say that the legal professional privilege does not and ought not to give way

to a government's pursuit of money laundering measures. That is what the case says. And it is predicated on the basis that the legal professional privilege is now seen as elevated to the category of a fundamental human right. And in the same way that no police officer could come and ask me, Marshall, did your client kill the man? Because whether he did or not, whatever he told me is protected by privilege. And therefore any financial information that a lawyer has relating to one of his clients in the financial services sector is similarly protected.

Now, I do not understand - no, we do not have to like the law, but we have to follow it until it is changed. So we have two fundamental decisions which, though not binding on the Barbadian courts, will be considered as being highly persuasive. One, a Canadian Court of Appeal decision. And you know, I am in the Court a lot these days and I am seeing a greater reference and reliance on Canadian decisions and also decisions of Mr. Justice Sykes out of Jamaica. Now, I am not going to blame the Attorney General and his staff, but I want to let the Minister know that he and his colleagues have approved in Cabinet the introduction to this House of a bill, the provisions of which are very likely to be challenged in the courts of Barbados for infringing an individual's fundamental right to legal professional privilege. Now, you cannot seriously be looking at things of this sort unless you cast your net as wide as possible and find out what is happening. No lawyer goes to court unless he checks to see whether there has been a recent decision in the last week or two, because he needs to know that what he is arguing is current. I can only raise it. I would like to suggest that the member should seek advice on what he is proposing because I have no doubt, sir, that if it goes through in this form, it will be challenged.

I would move, sir, to high net worth individuals. Now, I really am at a loss why this Minister of Industry and International Business, however it is called, and the former Minister and other members of this administration continue to identify the high net worth regime as being inextricably intertwined with financial services. It is nonsense. It is nothing more than an immigration matter which is intended to allow high net worth individuals to come and go from this country as and when they please, without the need to run and get extensions and so on. That is all it is. And in fact, Mr. Speaker, if the member and his colleagues took the trouble to understand what the difficulty was with the high net worth individuals in the first place, they would not be touting this legislation. And notwithstanding that, it has nothing to do in my respectful submission with the international financial services sector as we are dealing with it today. I would like to point out that the issue that those individuals face had to do with tax residency and for their tax planning purposes, they need and needed to establish that they were domiciled in Barbados for tax purposes. Many of those individuals - I could say we have

a few of them - are tax resident in places like Sweden, which means that they do not pay UK tax, and some of them want to become tax residents in Barbados. But somewhere along the line I am convinced that the immigration department received poor advice and they were told that this high net worth individual programme will solve the problem. The problem is that no tax authority in the world recognises an individual that we permit into Barbados under this new structure as being tax resident. And so then people ask about residency. The immigration department is telling them to apply for high net worth individual status. We need to tell our public servants - if we say we are going to serve our country well, we have to have accurate information. And I believe that Cabinet is operating under a misunderstanding of what is needed by those high net worth individuals.

Now the truth is that those high net worth individuals will also have businesses - they may be worth many, many millions of dollars. And many of them I know would like to administer their financial affairs from Barbados. And it is an inconvenient thing to have these individuals pushed about at the airport and so on when they are going to be managing many, many millions of pounds from our shores.

Well, sir, we can descend into name calling and all kinds of things if that is where the member wants to go. I am happy to go there with him, sir. But what faces us is a sector that continues to be plagued with declining revenues. It is a sector that this administration has not sought to think seriously about in terms of its future. It is all well and good for the Minister to come in and talk about base erosion and profit shifting. He has not explained it to anybody. I do not even think he understands it himself. But he spoke these words and tells us that he was in Toronto ringing the bell. He could have been at St. Cyprian's ringing the bell as far as the taxpayers of Barbados are concerned. Because at the end of the day, this country has nothing at all to show for a Democratic Labour Party administration of this sector since 2008 when we were last in government, Mr. Speaker. In fact, in 2008, the corporation tax take in Barbados from the financial services sector - I believe the figure was in the region of \$500 million - and has precipitously declined, sir. Since we came to government in 2008, sir, the corporation tax was \$442 million, 66 per cent of which came from the financial services sector, sir - a total of \$292 million. In 2010, corporation tax declined to \$316 million and the financial services sector contributed \$185 million. And in 2015, if you look at the Estimates, you will see that corporation tax - total corporation tax, the current Estimates 2014-15 - the provision for corporation tax as a whole was \$391 million, sir. And international financial services is subsumed under that. But the Minister wants to talk about numbers and proclaim successes. I do not know. There is a member on that side who has a peculiar kind of mathematics. But I do not even think the Member for St.

Lucy would consider that if the total corporation tax take is \$191 million, that financial services, which represents a fraction of the total corporation tax take, has somehow grown. I do not think the Member for St. Lucy is capable of that kind of intellectual contortion.

Mr. Speaker, we are still concerned about the level of subjectivity to be found in this bill. So that you know you can be struck off, sir, if you are guilty of misconduct. And misconduct in the bill, sir, is defined as an act or omission relating to the conduct of business which is likely to be prejudicial to the good reputation of Barbados. Now, what is that, sir? You can revoke a licence in the public interest, but no explanation is given as to what that means. Mr. Speaker, the bill that came before us in 2011 was criticised for many of those reasons. And one would have thought that if the administration was serious, they would have taken a number of these things into account. But they are hell bent, Mr. Speaker, on proceeding down a line that is not in the interest of small business. And we have people - they say, without small business - because a lot of the people in the financial services sector are small business people. They do not do ten and twenty million dollars. It is not KPMG. It is somebody who probably may bill no more than \$50 000 a year. And we are driving those individuals out of business. It is not bad enough, sir, that companies are leaving. It is not bad enough, sir, that the total revenue to the Crown is diminished. Those things are not bad enough, sir. It is not bad enough that people are getting sent home, but we must now have coals heaped upon our head, especially in the environment we are in. They have had the opportunity to rethink this strategy and to come again, sir. This bill does not merit the support even of the members of that side. I do not know who it is brought here to serve, but it is not brought here to serve any service providers. It is clear that the people who have advised them either did not take the trouble to research the law.

You know, on the last occasion when we debated the previous legislation, it was pointed out, sir, that Section 32 of the International Trust Act says international trusts are exempt from the requirement of registration under any law. Exempt from the requirement of registration under any law. But yet still we can have a bill before Parliament that seeks to regulate people who will register an international trust. When you do not register an international trust, we are either spinning the top in mud or we are going in circles. Sir, this bill is as confused as the Minister. And really, sir, it does not merit any - it does not require filing either. So I hear somebody from St. Philip saying, did you file it? It does not. You do not file it. In fact, sir, the problem is that somebody on that side who is in the sector might not know that you would not file it. You know, if you carry anything to a registry and say you have come to file this, they will just take it from you. But when they take it from you, there is no requirement in the law to file it. So they do not know where to put it. I would suggest that the member not go

there. He might not be happy with the direction in which it takes us. Mr. Speaker, I am obliged to you for your indulgence.

SUSPENSION

Mr. SPEAKER: Yes, Honourable Member.

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that the sitting be now suspended for lunch until 2.15 this afternoon.

AN HON. MEMBER: I beg to second that, Sir.

The question that the House be suspended until 2.15 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 of this House is resumed when the suspension was taken. Your Order Number 16, I believe. And with that we shall continue. Yes, the Honourable Attorney General.

Hon. A. D. BRATHWAITE: Thank you, Mr. Speaker. Just a few words to clear - not going to be brief. I'm going to speak for 29 minutes and 30 seconds just to clear certain comments that were made this morning. Because we have a responsibility to ensure that when we contribute to debates that our contributions are as accurate as possible, in particular when we've had time to do some research.

And I heard - I read recently in the morning newspapers - a member for St. Joseph was being referred to as an erudite former Attorney General. So I heard the erudite former Attorney General this morning. And there are several areas of his contribution that are worthy of rebuttal, just for accuracy's sake, in particular because when we speak here, we speak to the public of Barbados. And I know that already the member for St. James South, for example, I know that he has received several text messages questioning whether or not we understood the regime that we are implementing, given what was being said on the other side - in fact, not we meaning the Government, we meaning what the member for St. Joseph was positing.

Let me begin with the Caribbean Financial Action Task Force, of which Barbados is a member. In 1996, I believe, the Caribbean Financial Action Task Force was formed. Barbados was one of 21 countries that signed on to the Caribbean Financial Action Task Force. Theirs was a response to the efforts of the Financial Action Task Force, which implemented 40 recommendations which became

international best practices for financial services providers. And as I said, the CFATF - which is the Caribbean Financial Action Task Force - then added a further 19 recommendations. And part of the apparatus of the CFATF is that from time to time mutual evaluations are conducted, so that what is looked at and what is assessed is actually your regime - your regime in terms of complying with the CFATF recommendations and your regime in particular for financial services.

In recent times that regime has been extended to designated non-financial services providers, in particular to lawyers, accountants, jewellery sellers, real estate agents, et cetera. Because what experience had shown is that in fact these actors were dealing significantly in assets, and particularly in client assets, and in many cases were shown to be weak in terms of their compliance, in terms of their anti-money laundering practices. So that regime was also developed, and I will come back to that.

So as part of our responsibility and as a responsible financial services centre, naturally Barbados over the last couple of years has been putting in place as robust an anti-money laundering regime as possible. And this is not new. Indeed, the 2011 Act - the 2011 Corporate Service Providers Act that we enacted - was part of a suite of legislation that we enacted to ensure that our compliance regime was at an accepted best practices level. We accepted, and the Minister this morning said to this Honourable Chamber, that indeed over the last couple of years it was pointed out there were some weaknesses in our compliance regime. There are some weaknesses in the existing legislation. And over the last couple of years we have been working - working with the private sector, working with BIBA, for example, and of course with the Ministry and with the Chief Parliamentary Counsel's office - to see how we can shape a better, more accepted piece of legislation to eliminate some of the weaknesses that were discovered. And therefore we are here today discussing this present Bill.

Which, unlike what was said earlier this morning by the member for St. Joseph, I believe in his presentation the member for St. James South, the Minister responsible, did say that in fact when we are finished we will be repealing the existing Corporate Service Providers legislation. In any event, if the member for St. Joseph had read the Bill, the Bill clearly states that when enacted it will be repealing the existing legislation. So there is nothing being hidden here - nothing being hidden here at all.

And so we accept - and I think most jurisdictions accept, most jurisdictions that have financial services accept - that if you are providing financial services, then you have to regulate it. That is different from if you are providing legal services, and that is different from if you are providing accounting services. So notwithstanding the

fact that you may be a law firm, if you are providing corporate services or trust services as defined under this legislation, then you will have to comply.

In fact, the irony is that I am very sure that George Walden Payne and Company, of which the member for St. Joseph is a partner, in fact already provides corporate services through a company called GWP Corporate Services. So he accepts - their firm accepts - that in fact legal services is different from corporate services, because they already have an entity established called GWP Corporate Services. So to suggest that we are going down the wrong direction, that we are going to end up being sued, et cetera, is a bit unkind, because the Jamaican case that he referred to is a separate issue.

This regime is different. This legislation clearly states that if you are providing corporate and trust services, then this is what will happen once enacted. What happened in Jamaica is that the lawyers were saying that in fact you were asking them as lawyers to be regulated under a separate regime which infringed on their attorney-client privilege. Nothing to do with the Corporate Service Providers legislation, because that is not the regime that the lawyers were objecting to. What the lawyers in Jamaica were objecting to is an anti-money laundering regime that said to them that as a non-financial services provider, we will now also regulate you and these are the things that you would have to address. That will not be the case here in Barbados, and it certainly is not the case in the Bahamas. It is not the case in the Cayman Islands. It is not the case in the British Virgin Islands. It is not the case in Jersey, not the case in Guernsey. It is not the case in any other right-thinking financial services centre.

So I say to you, Mr. Speaker, and I say to my colleagues and I say to Barbados, that the regime that we are putting in place this afternoon - there is nothing new or earth-shattering about it. All we are doing is putting a legal framework in place so that the minimum standards accepted internationally and regionally will be adhered to by our corporate services providers. To say, for example, like the Honourable member said, that \$2 500 will be a burden, that we are trying to run small business out of business, et cetera - again, that is a bit uncharitable.

Now, admittedly, \$2 500, depending on who you speak to, may seem like a lot of money - well, to me, for example. But I am sure, and I have spoken to my colleague Minister, that in fact we in this Government have no intentions of depriving small businesses and small Barbadian entrepreneurs from being involved in the international financial services. In fact, we want to encourage more and more of them.

So to look at the legislation on the face of it and, as the member for St. Joseph did, criticise it - knowing very

well, and that is why I said it was intellectual dishonesty, knowing very well that many of the matters raised would be addressed in the regulations - is not fair. There is no jurisdiction, sir, that if you are a director of a financial services company, you will not be asked to determine your fitness and properness to be a director. There is no jurisdiction, sir, that if you are performing trust services, that as a regulator we do not want to know that you understand what it is to be a trustee, or that you employ the correct professionals to act as trustee.

If that were so - if you did not put the regime in place - when, for example, we are evaluated, as we will be next year, by our brothers and sisters in the CFATF, if we do not have the right regime in place, they will come and they will say to us that we are failing, that we do not have the minimum international standards. And then you will hear the members on the other side saying that we failed Barbados, that we failed the financial services sector, that we failed to have the minimum due diligence requirements. But that is not the case, and they will not be allowed to say that, because indeed what we have been doing over the last couple of years is plugging all of the loopholes.

Now, sir, at some point in time, very, very soon, we will have to also put in place a regime to address lawyers, real estate agents, et cetera. Now, imagine, sir, what we are dealing with - the reputation of this country, that is what we are dealing with. So we cannot allow one individual or two individuals to damage the reputation of this country and put the same poor people that we are supposed to be concerned about out of business. Because no one comes to Barbados because we are seen as a haven for money laundering.

So when there are weaknesses, as has been seen, where you can have an attorney-at-law dealing with a \$100 million transaction but he may not know who his client is - so his client may be the biggest drug dealer out of Russia - what happens, sir? He made some fees and the whole of Barbados is damaged. So we cannot have that. It has to be addressed. I am not saying that is the case for the member for St. Joseph. I will never say that. He will not do that. He has more sense than that.

When he speaks as a politician, it is different from when he speaks as a lawyer. When he speaks as a lawyer, I believe he understands better. So this morning he was probably speaking as a politician, because some of the points that he made as a lawyer I have some significant issues with, sir.

All is well within our financial services sector - we accept that. We accept that there are some weaknesses. And in fact, I want to say here for the record - and I am saying this notwithstanding that my colleague Minister may be a bit upset - I showed Minister Boyce a few minutes ago a text that I received from someone who is

active in the sector and who said to me: “Adriel, if nothing else, tell your colleague Minister, before we go to 24 hours a day working, I just want the registry to work eight hours a day properly so that I can get my client matters addressed.” So it is not perfect. It is not perfect. You hear complaints from time to time, and indeed I saw some correspondence a few days ago that said that it takes 10 working days to incorporate a company in Barbados.

There may be cases where you can get it done in one day, there may be cases where you can get it done in two days, but the norm should not be 10 days. I wish to not have any international agencies publishing a report that says that the norm in Barbados is 10 working days. We should not be. And indeed, in our discussions with the international agency, we questioned them and they said to us: “But this information did not come from within our offices. This information came from service providers in Barbados. We contacted service providers in Barbados who gave us this information. Based on the information that we have received, this is how we arrive at 10 working days.” So there are some weaknesses that have to be addressed, and my concern is that if we do not move with some alacrity, we will have some slippage. That is my concern, because if you gain a bad reputation, if you gain a reputation for poor service or mal-service, it is hard to claw back. Very, very hard to claw back.

So where there are weaknesses identified in terms of our service delivery, we have to address them. We can put the best legislation in the world in place, but if we cannot deliver, we might as well not come to Parliament and pass the legislation. There is no doubt about that whatsoever.

Another point I want to address - I am just saving my colleague Minister from addressing all these points. The member for St. Joseph, urged by the member for St. Michael North East, pointed out that in fact we are speaking about increased numbers, but in the meantime what is happening is that there is a slippage in terms of corporate revenue. But we have accepted that for the last couple of years. There is nothing new about that. We told the public of Barbados why. First, of course, there was an international recession. If businesses in Canada and the United States, et cetera, are not doing well, then they will not reach out externally to do international business. So if a chap is not doing well in London or New York, et cetera, he is not going to run to Barbados and buy a second home when he is at home worrying about whether he is going to make enough money to pay his expenses at home. So yes, there was a slowdown, and yes, there has been a reduction in corporate revenue.

And of course we all know the biggest problem that we face is that the same tax benefits that were given to Barbados under the exempt surplus regime were being given to Bermuda and were being given to the Cayman

Islands and the BVI, et cetera. So therefore a person had a choice between coming to Barbados and being taxed, or going to one of our competitive jurisdictions that had a zero tax regime and still getting the same benefits. And therefore what do you think they did? They moved to the jurisdiction that had a zero tax regime. Our response to that, as you may recall, sir, is that we came and reduced our corporate rate to encourage more international business companies to remain in Barbados.

They were happy to remain in Barbados, and that signals an acceptance of this country and of our regime. Because imagine - many, many businesses stayed in Barbados and said: “We do not mind paying a bit of tax. We love Barbados.” And that is why it is important for us to measure the contribution of the sector to the economy as a whole. Because they said to us: “We are prepared to stay in Barbados and pay some taxes.” You want to know why? Because our children can go to school freely, we do not have to worry about whether they can be kidnapped or attacked. Your airport works, your hospital works, your telephones work, your Internet works, your water works - everything works. So the quality of life in Barbados is such that they say to us: “We are prepared to stay in Barbados and pay a bit of tax because peace of mind is more important.”

And the member for St. Joseph knows this - knows that in fact it was not because of any act or omission on the part of the Government of Barbados that led to an exodus of some companies from Barbados. From time to time, sir, things would happen and businesses would leave the country, but it is really uncharitable to suggest that there was a mass exodus of international business companies from Barbados because of any act or omission on our part.

Again, sir, you hear complaints that we are not doing enough double tax treaties. Now, when you are working on a double tax agreement, you must have cooperation on both sides. And over the last couple of years we have had some successes. I heard the Minister speak about the treaty that we negotiated with Rwanda - I am not sure if it has been executed already - but in record time. There was also a move by many countries to execute tax information exchange agreements as opposed to double tax treaties. So you try your best, you try to use whatever diplomatic skills you have to encourage other countries to work with you towards double tax treaties. But where that is not possible and they say to you that they are willing to sign a tax information exchange agreement, what can you say to them? You cannot tell them to go along - you have to work with what is available. And that is what has happened.

So a bit more fair dialogue on these issues - or analysis of these issues and distillation of them to the public of Barbados - would do this country better. Would really do this country better. Because, sir, much of what

people say about this country they gain either from hearing persons in Parliament or reading in the newspapers, et cetera. And we have a responsibility to ensure that when it comes to Barbados, when it comes to Brand Barbados, accurate information is out there.

And, sir, Brand Barbados as an international financial services centre can compete with any jurisdiction across the world. There is no doubt about that. When you look at the collective brand, Barbados can compete with all of them, notwithstanding what I have said, because it does not mean that we are perfect. But when you look at all the things that Barbados brings to the table, it is a place worthy of international business. And one of the things that we have to provide is the framework, is the regime, is the compliance regime.

There was a time, sir, when you would tell clients: “You do not have to bother with that. We do not have to report to the regulators, we do not have to file X and we do not have to file Y.” It was good to tell clients that - some clients felt very happy. If you tell a client today that in fact you operate a regime where there are lax regulations, that you do not have to file X with a registrar, you do not have to keep corporate records, and that the banks do not ask you any questions - they do not come. Those days are long, long, long gone. So any of us who believe that we can go back to those days missed the boat a long time ago.

We on this side understand the importance of Barbados being seen and recognised as a well-regulated jurisdiction. And I will end by just making this other point. I heard the member for St. Joseph complaining about how we have now added other responsibilities to the poor director - how is he going to find the time and the resources to examine all these new books and papers and examine all these new entities, et cetera? Now, would it make sense, sir, to place a regime in place and then have no follow-up to see whether or not there is compliance with the regime? You must have some compliance mechanism.

And this has been going on in Barbados for many years. There is no bank in Barbados or no trust company in Barbados that from time to time has not been examined by the Central Bank. There is nothing new about this. What is unlikely to happen is that every year the director or whoever has responsibility will go to every service provider. But certainly, based on the size and based on a risk analysis, they will make a determination as to how frequently they would examine a particular service provider. Again, sir, there is nothing new about a regime like this. Nothing new about it.

So this alarmist concern - or this false concern - for the director and all his new additional responsibilities does a disservice to us and to the fact that I think even the member for St. Joseph understands the importance of

having a follow-up to ensure compliance with the regime that we are putting in place. Sir, the reality is that at the end of the day, the only thing Barbados has is its reputation. Ours is a responsibility to ensure that it is protected and well protected. I support this Bill, and thank you, sir, for your time. I am obliged.

Mr. SPEAKER: The Honourable Member for Christ Church West Central. Thank you very much.

Hon. S. A. LASHLEY: Mr. Speaker, I rise also in support of this bill, the Corporate and Trust Service Providers Bill 2015. And certainly from the onset would like to compliment the Honourable Minister for continuing to ensure that the appropriate legislative environment is in place in Barbados to support what is essentially a very critical sector for Barbados.

There is no doubt, Mr. Speaker, that the international business sector continues to be of critical importance to not only the business environment in Barbados, but also as a revenue earner of very scarce foreign exchange. And I believe that the role of the government is to ensure that the integrity of the international business sector is protected at all costs. In fact, I believe that this particular objective, that is to ensure that not only does the international business sector remain competitive, but that the regulatory environment and the regulatory regime is so tweaked and improved from time to time that the sector in Barbados remains internationally viable, internationally competitive.

And I say that, Mr. Speaker, because within the context of some of the criticisms which have been leveled at the bill before the House from the lone speaker from the opposition, does cause me some pause and some concern. Because my understanding of the bill before the House, Mr. Speaker, is that it essentially seeks to repeal legislation that would have been enacted in this House before - the International Corporate and Trust Service Providers Act of 2011. This bill effectively repeals that. And I think the Minister in his introductory remarks did give the House a very cogent explanation as to why it became necessary to repeal that legislation.

And essentially my understanding, Mr. Speaker, is that what this bill seeks to do is to be a bit more user friendly. The drafting of this replacement bill was informed not only by the drafters in the Office of the Attorney General, but after very careful consultation with the providers, those whom it is designed to benefit. And to a large extent, the improvements have been as a result of that consultation. But more importantly, Mr. Speaker, the bill has been brought to the House to make amends for a number of shortcomings in the current legislation which it seeks to repeal.

One of those shortcomings has been - and I believe that is why the word "international" has been removed from the current bill which is before the House - because the current bill, which is now the law of the land, which will be repealed by this bill once this House passes it, the current legislation has been too narrow in its scope and to a large extent all of the domestic providers of services in corporate and trust service were to a large extent excluded from the provisions of the current legislation.

Now, Mr. Speaker, when the member who spoke from the opposition accuses the government of being confused about its own legislation - in fact, he went so wide as to say that the persons who would have advised on this bill did not, in his view, have a clear grasp of what they were doing - that, Mr. Speaker, is really where I have to depart in a very robust way from the line being taken by the opposition. Because in fact this particular bill before the House, not only has it gotten the blessings of the various interest groups, but in fact what it does is to create a more comprehensive regime for the regulation of corporate and trust service providers in Barbados.

I believe what we have, though, because when you make provision, Mr. Speaker, for ensuring that we have brought into the arena or within the scope of the bill those domestic service providers that were excluded before -

those service entities within the international business sector, including domestic companies which are engaged in international business, I believe that is a step in the right direction because these domestic entities that would have been outside of the ambit of the current legislation are very actively involved in international business services and therefore, if they are not appropriately regulated, it means that this amounts to a significant exposure for the international business sector. And what we have been saying all along, Mr. Speaker, and this is where I find it a bit difficult to accept the very wide and sweeping unjustified criticisms levelled by the honourable member for St. Joseph is because if you can say one thing about the approaches adopted by respective governments in relation to the international business sector is that those approaches have largely been bipartisan in nature. They have not been tainted by partisan political considerations because the international business sector is not a political football. It has always been seen as such. And that is why when the last government would have had to take on the OECD in all of the various issues which impacted on the international business sector, this administration in opposition did not in any way cast any shadows of doubt on the Barbados Labour Party government at the time. In fact, the support for that particular initiative of taking on the OECD in protection of the international business sector in Barbados was by and large supported by the Democratic Labour Party. And that suggested to me, Mr. Speaker, that there was a bipartisan

approach to this particular matter. And that was informed by the need, Mr. Speaker, to ensure at all times that the Barbados international business sector was not going to be held up for ransom or to be placed in any danger of being accused of not having the most astute and the highest level of regulation and transparency when compared with other jurisdictions with whom it has to compete.

And that is the issue, Mr. Speaker. You cannot run an effective international business sector while having on blinkers in relation to those jurisdictions that Barbados has got to compete with on a regular basis. And that is why we have always been very much in tune with the developments as they unfold, whether it relates to the Caribbean Financial Action Task Force, whether it relates to the OECD and certainly other international developments. The reality is that Barbados has got to remain relevant in the international world. It is no secret, Mr. Speaker, that issues of transparency, issues of due diligence, issues as it relates to ensuring that your international business sector is not tainted by the wrong types of practices, these have all been advocated and promulgated. And therefore there is no mystery as to the basis for ensuring that a director who is managing or who is placed in a regulatory oversight position in relation to service providers who render international business services needs to have certain powers of enforcement. And the legislation is quite clear - what is before the House - because, as I said, the most that we have done in this bill is to ensure that the bill can apply to those domestic entities that render international business services. And it has adopted an approach based on my review of the bill, where it is now much more user friendly. It is not as convoluted as the previous legislation. And to a large extent, given that there has been an attempt in this bill to be much more detailed in terms of the requirements from all of the various players who are looked at in the bill, I believe that it will create a situation where, once the various directions are issued, as can be done under the legislation, there may not even be a need to move into the realm of having regulations of any significance that could then further complicate the administration of this particular segment of the international business sector.

So what we have, Mr. Speaker, is essentially the old legislation - which is the International Corporate and Trust Services Providers Act - that has been simplified, but in terms of the detail and the content of that legislation, the overall mandate of that particular legislation has not been in any way compromised or changed, except that it has been simplified. What we have done is to simply widen the scope to ensure that those providers who were not captured under the current legislation are now captured in this one. And I believe, Mr. Speaker, that is a move in the right direction. You cannot be serious about talking about international business and the government comes to the House to provide an overarching regulatory framework to capture those persons who hold themselves out as providers

of services in relation to the international business sector that we are seeking to protect. You cannot be serious if the government comes and says, well, those domestic entities will now have to be regulated to ensure that there is compliance with what has been a very robust and certainly a very high standard of compliance in the sector. I think, Mr. Speaker, that rather than criticise the government, what I would have been expecting to hear from someone who has been a former Attorney General is an unconditional endorsement - an unconditional endorsement of legislation that does not hold any partisan role. I think this is good legislation, Mr. Speaker. I believe it will enhance Barbados' reputation in the international arena. I believe it has gotten the support of the stakeholders. It is not that the government has come to the House with legislation that it has not canvassed the input and the ideas of those persons to whom it refers. It has gotten their input and of course it has been very widely canvassed and therefore presented to the House for endorsement.

I can see no issues, Mr. Speaker. And I think it is important in these debates, for the purposes of the public - the listening public - particularly when legislation before the House is challenged. Because in fact the member for St. Joseph has essentially thrown down the gauntlet and challenged the efficacy of this particular legislation. That is why I have chosen a path of being extremely detailed in terms of looking at why we have this legislation before the House, in addition to what the Honourable Minister would have said. Because it is patently clear that we are going to have in Barbados to continue to do exercises such as this. This is not, I believe, the only attempt at fine-tuning such important legislation. In fact, there is much more work to be done as Barbados continues to ensure that it can command a certain quantum of the international business that is now available for any jurisdiction that wishes to tap into that particular business.

And I heard the honourable member for St. Joseph also quote some very general statistics about the corporation tax and the yield of that tax and how much percentage over the years has come in relation to the international business sector. And I find sometimes we dabble in statistics without in any way showing any modicum, any amount of understanding of really what we are talking about. And when I listened to the statistics that the honourable member would have quoted, I believe from 2008 and coming into the estimates, what you have, Mr. Speaker, are fluctuations in terms of the yield of corporation tax. And there is no secret about it - the yield in relation to corporation tax would have been impacted directly because of the economic downturn facing not only Barbados, but facing the international world. So when you speak of the fact that the international business sector only would have been able to command or to get a certain proportion of that yield of corporation tax, I believe he mentioned that in 2008 the total corporation tax was \$442

million and it went in 2010 to \$316 million and then from there projected in the 2015 estimates at \$391 million. Of course, he did not refer to the fact that the projection is showing an increase - a significant increase - from the 2010 period. But I believe that exercise, Mr. Speaker, is an exercise in futility without having any basis in any structured argument. That tells me that you are not in tune with the facts as they relate to what has been happening in the international business sector. And this is not a matter, to my mind, Mr. Speaker, that ought to be trivialised. We know - I think Barbadians understand - that we have had and continue to some extent to feel the impacts of the global economic downturn. And the international business sector, as the name implies, gains its currency from international movements of trade and goods and services across the globe. Barbados would have seen fluctuation in terms of that business, but to a large extent we have also seen a recovery and the international business sector continues to make its significant contribution to the gross domestic product of Barbados.

We have a lot of confidence in the sector, Mr. Speaker, and that is why we will continue, as we are doing in the House today, to bring legislation designed not to be engaged in any trivial debate as we have seen an attempt coming from the member for St. Joseph. This is not an exercise in futile mumbo-jumbo debate. This is serious debate. And this is designed, Mr. Speaker, to lift up and to propel a sector based on a regulatory regime that is designed to ensure that we can continue to earn valuable foreign exchange from an important sector. And I cannot help but note, Mr. Speaker, that here you have the opposition saying to the country that the country needs to earn more foreign exchange, that the government needs to propel the growth of the economy - but when the government comes to the House with legislation designed to simplify what existed before, to a large extent creating virtually a one-stop-shop environment, removing the international designation while keeping the core features and intention of the Corporate and Trust Services Providers Bill essentially the same, the opposition chooses to criticise rather than support.

And when you look at those core features, Mr. Speaker, you have to conclude that in fact what we are doing is not to create an issue but to improve on the legislation. And what you are saying to domestic providers of international business is that you have to be licensed and regulated. You have to satisfy certain criteria to determine that you fit into this very important sector. It also says that all corporate and trust service providers must operate in an efficient and professional manner. What is wrong with that? That, to my mind, Mr. Speaker, is good governance. You must operate in a responsible manner because it is important to reduce the risk to the reputation of the jurisdiction. And I wholeheartedly, Mr. Speaker, agree with that. The corporate and trust service providers must also

comply with international standards for record keeping. In other words, the Director may call on the provider to expose their records and to disclose certain information. Because, Mr. Speaker, we live in a world where we have to be very careful about money laundering and we have to be very careful about who enters your important financial services sector. We have to be careful about their reputation. And we have to know very clearly, Mr. Speaker, who are the people who are managing your vital international services sector. I wholeheartedly believe that is the case and therefore I see nothing wrong with legislation that is designed to safeguard that.

Now the legislation, Mr. Speaker, also empowers the regulator to suspend or revoke licences if you act in breach of the Act. That is a standard feature across any legislation that is worth its salt. You cannot have requirements in law and not at the same time provide the kind of facility by means of enforcement that ensures the regulator can at least be taken seriously. And that is what this bill, Mr. Speaker, seeks to do. And at the same time - because in reading the provisions of this bill, and I think this provision was in the international version as well - it also maintains confidentiality so that persons who are dealing with confidential information in relation to their clients will feel safe and secure that the actions of the regulator are in no way intended to infringe upon and to abuse confidentiality. So having ensured, Mr. Speaker, that there is provision for the inspection of records and disclosure of certain corporate information, the bill before the House also provides protection to ensure that this information remains confidential.

So, Mr. Speaker, I really have no difficulty with what is before the House. I again would like to commend the Minister for continuing to ensure that the integrity of this very important sector remains intact. I believe we have a solemn responsibility and a solemn duty to acknowledge in this House that we together have to ensure that the international business sector remains internationally viable. And when I say that, Mr. Speaker, I am aware that unless we remain competitive in the international business sector, then the same statistics, the same figures that the honourable member for St. Joseph was so quick to refer to, whether they go up or down, there will not be anything that you can actually look at. So to maintain that, Mr. Speaker, I believe that we are along the right path by ensuring that we bring this bill to the House. It is clearly an example of the government remaining very focused and in tune with what is happening in the international business sector. We could have sat down and done nothing in relation to legislation that was passed in 2011, but it did not do what it should have done in our estimation and in the estimation of our stakeholders. Having consulted with them, we have determined that we should bring this bill which offers a much more user-friendly environment legislatively. It creates a more one-stop-shop arrangement, which means

that it should be easier to regulate the sector. And it sends a signal, in my view, Mr. Speaker, to the international financial services sector that Barbados is very keen and remains very in tune with the need to keep and maintain its international business sector in a manner that can withstand the scrutiny of any international agency. And what it certainly does is to maintain Barbados' competitiveness when it comes to other jurisdictions that are in the business of providing international business services.

I believe that there are three pluses for us in that we have done what I believe is necessary to maintain what to a large extent has been by and large a very successful international business sector. So, Mr. Speaker, with those remarks, I again would wish to restate my support for this bill before the House and again to commend the Minister for continuing to be on top of the game in relation to ensuring that Barbados remains competitive in this international business sector. I am obliged.

Mr. SPEAKER: Yes, Honourable Member for St. Michael South Central.

Hon. R. L. SEALY: Yes, Mr. Speaker, I rise to support this Bill and just want to begin, of course, by commending the Member, the Honourable Member for St. James South, of course, for the recent successes that we have seen in the international business sector and indeed in his wider Ministry. But beyond that, I think it is appropriate, given what we are doing today in terms of creating an appropriate regime for service providers to the sector, that I also commend him for what he has done over the years for this international business sector. Of course, I have known him for a long time, since he was a naughty schoolboy. But since then, of course, he has worked for the country promoting the jurisdiction and has of course had his own business. He was a service provider in the sector. But through it all he has been a stout advocate for what this sector can do for Barbados and for citizens, and indeed for providing opportunities for our young people who we invest so heavily in by way of our education arrangements - primary, secondary and tertiary. And so we are here this morning to create arrangements within which service providers to the sector can function.

And I really believe it is not any exaggeration to say that as we approach our 50th anniversary of independence - that is a couple of years off - as we look back at this sector, we can honestly say the Member for St. James South has been a pioneer in many respects and has certainly, as I said, been a strong advocate. And this legislation today is very much in keeping with that tone. And I want to start out by saluting him for that effort.

I acknowledge, of course, that we are operating within the context of a strategic plan. We had the opportunity to have had the Strategic Plan 2014-2019 laid

in the House of Assembly for the international business sector. And it sets out a couple of worthwhile objectives. I note, for example, the desire to see that we have 50 or so DTAs - double taxation agreements or taxation arrangements - because there is a DTA and there is also the newer version, the TIA, Tax Information Exchange Agreement. But to have a network, and the mark in the strategic plan has been set at 50. We are somewhere between 34 and 35 at the moment. I think the one with Rwanda will be the 35th when that one is finally concluded. And in essence, we know that is the basis of the international business sector - having that network, that collection of those taxation agreements with appropriate countries. And we also understand that this is nothing you can just go out and get. Of course, these agreements occur after the conclusion of the appropriate round of negotiations. And I think the Government is on the right track to continue to develop this very important sector. It already gives us more corporation tax than anything else. I understand the earnings of \$900 million is the estimate for what it has done - that is the taxation and other spend. So we have to continue to develop what is a very important sector.

I want to note that there are some obvious links between the international business sector and tourism, for which I am responsible, Mr. Speaker. But before I get there, I want to also look at what we are doing within the context of developing Barbados as a services economy. And I think that having a respected jurisdiction for business services is fundamental as we continue to see ourselves in that regard. Now this is in no way meaning that we should not continue to push manufacturing, push agriculture, a little bit of mining, and possibly even offshore the hydrocarbons, et cetera. Yes, we are not big in the commodities, but we still need to continue to push that. But we understand that we are first and foremost a services-based economy. And so I think that what we are doing today by increasing our level of sophistication, by ensuring compliance with regional and international conventions and so forth that have been passed, we are demonstrating in my view a high degree of maturity.

And so as I say, that services economy that we want will go beyond financial services - cultural industries, we are already out of the blocks there; medical services; and renewable energy. And on the subject of medical services, I will use this occasion to commend Dr. Skinner and her team at the Fertility Centre for being named, for in vitro fertilisation, the best in the world in terms of its success rate, right here in Barbados. And I think that alone very simply and eloquently says what we are capable of and that we should not necessarily limit ourselves. And as much as, and as strong an advocate as I am for tourism services being exported globally, I think it is important that we see ourselves as a truly services-based economy. Even if tourism and international business lead the way, they have

to pull along the others, because there is an automatic connection that exists if we are again developing our services collectively.

I mentioned the strategic plan for the international business sector and again there are a couple of highlights. I mentioned the desire to increase the number of tiers and the number of DTAs and establishing, I suspect, not one but two separate negotiating teams to try to get to that goal of 50. But I also think - and this has influenced the decision on where we should embark on those tiers and those DTAs - is the decision to also look beyond our traditional source market, or should I say source markets, because there is overwhelmingly the reliance of course on the sector on the Canadian source market. In fact, Barbados has what is a very enviable statistic of being able to claim that after the US and the UK, the next largest source of foreign investment from Canada is little Barbados. I mean, that is something that there are probably Barbadians walking around here who do not even know that. I mean, it is an incredibly robust statistic to say the least. And it says a lot about what an island of 166 square miles has been able to achieve. When we talk about this sector, we think of Switzerland and the Cayman Islands and so on and so forth, but Barbados is jostling among the big boys.

Having said that, the strategic plan and the vision of this Government is that we should look beyond Canada and that there are certainly opportunities in emerging economies and in particular Latin America that present some excellent opportunities. And I think the Minister is spot on when he targets Asia, Africa and of course Latin America, with whom we have a natural geographical proximity. And we have to continue to do that. There are some fairly obvious reasons why. I mean, it is only natural that with those economies growing so rapidly, entities and for that matter citizens are going to be looking for vehicles

and instruments for wealth management and for conducting business across borders. And if we can offer ourselves, offer that service to the North Atlantic countries, we should do it in Latin America. The other reality is the same way that legislation and regulations from other jurisdictions can work against us, they can work for us. And I'm speaking about this factor arrangement that the US Congress is pushing. I know that it has been a bit of a burden to our diaspora, those wishing to invest in Barbados and people, for example, who have moved back here and the regulations and so on with respect to moving money in and out of US bank accounts. And we can't blame the US Government. They're concerned obviously about people financing terrorism and so on and so forth, so they're putting systems in place. And yes, it may be a burden for Barbadians who are US citizens or US residents, but it also presents an opportunity because think of, as I was mentioning earlier, these emerging economies, some of whom might have been tempted to have used facilities

available in the US - now they are going to need a jurisdiction by which again they can have their various arrangements, whether it's a trust or whether they're going to set up a captive insurance arrangement or whatever, which again we are very strong in as an international jurisdiction. So I think that there's some good opportunity beyond Canada as well. And I think that the network of treaties that we continue to negotiate is strengthening our capacity and is certainly having an impact.

I do not accept that the sector is in trouble. I do not accept that the numbers suggest that we are in trouble. And I certainly would not be accepting it from anyone who, as a minister, the government of the Central Bank described under their stewardship that the sector was almost comatose. And we are far from comatose. And in the last four years, the peak of an international, global financial crisis, 900 entities were set up in Barbados in the last four years and all the challenges. And I think that tells us that 900 entities were established and that says something.

But I hasten to add, Mr. Speaker, and this is important because there's no point just mentioning in isolation how many new entities we have because people ask: how many of them are active, some of them drop off. And that's why it's important to also look at how many entities are paying annual fees. And when you look at that - in 2013, 29 032 entities paid their annual fees; in 2014, 3 259. That's IBC, sorry, societies with restricted liability. The SRLs - 316 paid the annual fees in 2013, 389 in 2014. So that's some good growth there. I see FSCs are coming back on too. You remember we had the challenge with the FSCs about a decade ago when that was all shut down again because of legislation - foreign sales corporations legislation in Washington shut down that entire element of our offshore sector. But we had 10 of those that paid licences in 2013 and 15 in 2014. Small numbers, but again speaks to potential and opportunities again that our service providers that we are looking to encourage can come in to the sector.

I note the issue of the fee came into being and I wasn't quite sure if I was to understand that the suggestion was that the fee was too high. I actually thought the fee was very reasonable - \$2 500. And the member for St. James South I think understands only too well because he's travelled this course. When he left the IDC, he had set up a modest operation and of course it flourished into a massive corporation. But the point is that insofar as opportunity for others, by having a modest fee, you then have opportunities that everyone - or should I say anyone who meets the requisite criteria - can become a service provider in this very extremely exciting sector. And so I do believe that decision he probably saw the wisdom of. No mention was made of currency. I know that there was a member for St. Joseph - when he calls figures, you have to find out which currency he's speaking in. But at any rate, that's not the

issue, that's not the thrust of the point I'm making. I seriously do believe that by setting a reasonable fee, it is not preventing an opportunity for maybe a graduate who has a couple of years' experience who may decide they want to be an entrepreneur in this sector. They can do it without the fee being prohibitive. They don't have \$15 000 or anything like that - looking for \$2 500, then you can do what you have to do to get your entity up and running.

Now again, Mr. Speaker, I mentioned earlier the natural link between tourism and the international business sector. I mean, you could refer to them as kissing cousins, you could refer to them as Siamese twins. But the truth is the success of the jurisdiction and the success of the destination are just so inextricably linked and there's actually so much in common. I mean, we differentiate ourselves as being a quality destination and not necessarily a low cost destination with huge campus-style hotels, 2 000 rooms and that sort of thing, or even more. That's not our style of tourism. And for that matter, that is not our style in the international business sector either. As opposed to being a no-tax jurisdiction looking to get business from all over the place and you don't even know who is coming and doing business - we promote ourselves as a low-tax, somewhat regulated jurisdiction and that is attractive for a number of reasons. And that in itself will tell you that we are offering ourselves as a quality destination with sound regulations. And of course, the infrastructure that our visitors look for is the same infrastructure that our business people that come here and our investors are looking for.

And I think therefore the success that we are seeing in tourism and the success that we're seeing in the international business sector coming out of a very difficult period in terms of the global economic situation should not be seen as a coincidence. And we do in fact try to work as closely together as we can. And I think that we have to continue again to see the wider and larger context of what we're trying to achieve when we push our tourism services and push our international business services. And so I think that link is a significant one and one that this government is extremely conscious of. In fact, the manifesto in 2013 had tourism and international business together in one caption. And in many respects I think that is appropriate. When we look at our two leading foreign exchange earning sectors and how closely related they are and how much they can do for each other. That visitor who comes here because of the destination can easily be transformed into that investor that comes, that likes the jurisdiction. And likewise the investor that likes the jurisdiction can become the visitor that likes the destination. So I don't think I need to belabour that point. It's well made and we will continue to see where we go in that regard.

I mean, there are some even tangible examples - where, for example, the success in the Canadian market that's up year to date 26 per cent over last year, that

practitioners within the international business sector have been known to lobby Air Canada to make arrangements for more - yes, for a larger first class cabin - because clearly these business people are not going to fold up themselves and sit in a small seat for a five-hour flight. So again, that is just but a tangible example of how we have benefited from each other. And of course, somewhere caught in between international business and tourism is the whole real estate investment and what that does again for foreign exchange, for the construction sector and for villas and so on, which in themselves also attract visitors as well. So there's a whole network that is working well for us.

I think that the effort here this afternoon must also be seen as a government that understands the need to be nimble and responsive with respect to this sector. I mean, it is private sector led. And so to the extent that the regulatory framework has to be correct, I think that it should not be a source of criticism that we've come back to this piece of legislation in three and a half, four years. It should be something we should be commended for. There are jurisdictions in this part of the world - the member for St. Philip South knows this very well because he used to work and live in one - where the legislatures have days set out where they do nothing but deal with the international business sector. There are jurisdictions that understand the importance of getting the laws and the regulations and getting them ahead of where they need to be. You have to be responding to what's going on on Capitol Hill in Washington, on Parliament Hill in Ottawa, Canada, obviously for us, and for that matter Westminster in London as well, where the laws are being made in the North Atlantic countries that affect what we are offering there. We've got to be able to respond and have the appropriate range. And so I think we are very much in the correct direction.

So Mr. Speaker, I want once again to not only commend the member for St. James South - I think he's magnanimous and generous enough to want to share the credit with his team, the entire team at the Ministry of International Business and for that matter the partners, the Barbados International Business Association that worked so closely with the member. He was once an influential part of that group too, has a good connection with them. And in supporting this Bill, I will once again return to the Strategic Plan 2014-2019 for the international business sector. And I once again say that the government and the member for St. Philip South are well on the way to achieving the goal of making Barbados the jurisdiction of choice in the Western Hemisphere. I'm obliged to you, Mr. Speaker.

Mr. SPEAKER: The honourable member for St. Michael North East. Thank you very much.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I don't intend to be long, but I want to make a few comments in relation to this bill. This bill, as you would have heard from the Honourable Member for St. Joseph, seeks to replace legislation which was passed by this Honourable House some four years ago or less in relation to the regulation of corporate service providers. And what it does raise is the question of are we effectively servicing the needs of this country through a process in Parliament that allows for generic speeches rather than one that allows us to focus on the details of the bills which come before us?

And the truth is, Mr. Speaker, that when we look at it, there are concerns in relation to the bill which we continue to point out and which we feel ought to be the subject of more deliberate review so as to avoid us having to come back in here. This is at least the second or third occasion in the last few months where we have seen the repeal of legislation which was brought to this chamber within the last few years, repealed in full and having to go back at it again.

Now this particular bill, for example, speaks in our view to levels of regulation that may well one consolidate the practice of the corporate service providers within the hands of a few, make it difficult for others to enter into this arena. But yet we talk about the international business sector as something that our young professionals ought to be embracing and going into with greater numbers. But when we look at the cost of being able to practice, given the licensing cost, as pointed out by the Member for St. Joseph, invariably the membership cost, both at the bar or in the accounting profession, the professional indemnity insurance, it makes it difficult and I'm not sure that we have gone through the best mechanism to ensure that regulation is appropriate to risk.

This was an issue that we faced in the international business sector and indeed generally in a post-9/11 world where the developed world sought to ensure a one-size-fits-all level of regulation on countries across the world, such that our offerings would become non-competitive in relation to what we can provide to persons who are looking for the benefit of financial services. Mr. Speaker, it is a matter that concerns me because regulation must always be appropriate to risk.

Now, even in the construct of the draft, and if I may quote, sir, the first schedule at clause 2, subclause 2, subclause (d), there is the arrangement for the services which are to be regulated in relation to corporate service providers are defined and the services defined relate to acting as or fulfilling the function of, or arranging for another person to act as or fulfil the function of an officer, a director or a secretary, alternate assistant or deputy secretary of the specified entity. But yet at subclause 3, it makes it clear that notwithstanding subparagraph 2 and

section 6, an individual does not require a licence to act as or to fulfil the function of a director.

Now that subclause 3 is clearly intended to remove the obligation from directors for having to apply for a corporate service provider licence. We accept that. But then we leave it in relation to the secretary of the company. We leave it in relation to a chairman or a deputy chairman or any other officer of the company. Now, that clearly could not have been the intent of the draft because there are some people who will serve in those positions who may only do so for one company and therefore could not properly be classified as a corporate service provider in the way in which this legislation is intended to regulate.

And therefore, the simple point, Mr. Speaker, is that for the first schedule, clause 2, subclause 3, it may well be that the Honourable Minister may have to look at excluding some of those other posts as he has sought to exclude them in subclause 3, because if not, it means that people who now currently serve as a deputy chairman of a board or who may serve as a deputy secretary or as an alternate board member, alternate director, may find themselves in breach of legislation when in truth and in fact they have only agreed to serve on one company and cannot be described as a corporate service provider in any clear way.

We accept, sir, that there is need for light regulation. But our position is that we may well find that this bill imposes too heavy a burden. And also, given the structure of the International Business Unit, I would have served as Minister of International Business as well as the Honourable Member for St. Joseph as well as now the current Member for St. James South. And the truth is that this is a very small unit and one of the reasons why, I suspect, the government removed the requirement for the annual renewals to be the subject of a long bureaucratic process - the annual renewals of IBCs - is because the government simply does not have the staffing component to be able to go through the obligations that the legislation places on the unit in order for people to be able to be compliant with the legislative provisions.

And there is sometimes therefore a disconnect between what this legislature approves and what the executive is capable of implementing. And it therefore means that the law is observed in the breach far too often. And I would want to suggest that we look at the issue and that we ensure that the obligations which we are imposing on corporate service providers in here are really truly needed and that we have the ability to turn around the applications and the renewals for corporate service providers so as to avoid professionals being put in breach of the legislation through no fault of their own.

There is no doubt, Mr. Speaker, that there is merit in some of the provisions in here in terms of increasing the

standard of duty of care from the part of lawyers to their clients and accountants to their clients. There is no doubt that this goes beyond the code of ethics of the legal profession in relation to the standards that will be imposed on clients' accounts. There is no doubt that this goes beyond that which is required by the accountants in respect of clients. And we live now in a situation where this legislation also makes it clear that the corporate service providers must account for the interest of funds held by the corporate service providers when the funds are in the hands of the professionals who are holding them on behalf of their clients. Those things cannot be complained about.

But what we do feel is that we have to be careful that we are not excluding groups of people who genuinely may not be employed by a large law firm or a large accounting firm, but who have a genuine desire, as a Barbadian, to practise in the international business sector, but for whom the early and initial steps may now be so cumbersome and so expensive that they are left out of the scope of being able to enter this sector. And I believe that this is a perspective that will resonate with the Honourable Minister, since he himself would have succeeded in the practice of this area, not as an employee of a large law firm or a large accounting firm, but as an individual who saw this as an opportunity for respectfully earning a living for himself and his family.

And I trust and pray, sir, that as we seek to review elements of the schedule, as I said, that brings within the scope of this legislation persons who are not necessarily corporate service providers, but may be performing the function of an officer in a company - that as we review that unintended consequence, I believe that we also look at a separate fee for those practitioners who are under 10 years and who therefore, the \$2 500 initially plus the \$500 annual fee coming to \$5 000 may well be a high hurdle. And that we also find a mechanism to pool individual service providers in some kind of professional indemnity insurance that can reduce the cost of premium to the individual practitioner.

The truth is, we all know that insurance relates to risk and risk is minimised when there is scale. And that is why the larger the pool of insured persons, the lower the premiums generally are. And while I accept that it may be difficult to remove professional indemnity insurance, I do believe that it is not beyond the scope of the Minister to bring together the professionals and to ensure that alongside the insurance industry, we can find a vehicle to be able to cover professional indemnity insurance for many of these sole providers - single lawyers, single accountants, single corporate secretaries who are not employed by large firms and who will therefore find the payment of premiums for professional indemnity insurance prohibitive.

I also believe, sir, that we have to take stock as to where we are with the international business sector. We have seen the proof of the performance not in the number of registrations, because if any Barbadian seeking to conduct business in the Eastern Caribbean or in Trinidad or Guyana can form an IBC today, and that is as it should be, but simply to recite the number of registrations does not in any way give this Parliament or this country a true understanding as to what it is earning for the economy.

Now, I truly believe that this sector ultimately will even pass tourism one day because there are no carrying capacity constraints in the way that tourism has. And I truly believe that Barbados can become a global international domicile that is one of the key domiciles of choice for many countries across the globe, in the same way that we have become that over the last 25 to 30 years for Canadian companies and Canadian citizens.

But in order for us to move to the next level, there are a couple of things which we have to come to grips with. I think the Minister is trying to understand a few of them, but I think that equally we are having a lot of moving parts that are not allowing the government to have a coherent and cohesive strategy in building out the international business sector. Now, we take too long to bring amendments and to make changes once we've brought amendments in the actual practice of the departments - that is a fact. We take too long to move to a full electronic platform in a way that others across the globe have become accustomed to working under - that is also a fact.

There are certain things that the government now takes responsibility for that it need not have responsibility for, particularly at a time when its cash flow as a government is so severely in crisis. And it therefore means that the initial response time to be able to promote and market the sector or to allow for the regulation of the sector is harmed by reason of government's inability to find the cash to do the job. Now what am I speaking about? I'm speaking about the functioning of the corporate affairs department which ought to be fully electronic in every aspect. And while the Minister has said that there are some people who may get a company formed within 24 hours, that is not the normal experience of most people in this area. All of this ought to be capable of being done fully electronically, including payment.

Secondly, the Minister I believe has not addressed what I think he genuinely recognises is an issue. To have the entity responsible for the promotion of this sector in a separate ministry from that of the Minister of International Business means that you do not have a coherent and cohesive strategy in order to ensure that we can truly expand the business opportunities for the international business sector in this country. We had a situation, sir, where Invest Barbados was located with the Ministry of

International Business. And it therefore allowed the minister responsible for regulation to be the minister responsible for promotion to ensure that there was that overview that is so necessary now.

At the same time, Mr. Speaker, we also made sure that we formed in West Barbados to focus not just on the financial services sector but other areas of the international business sector. I refer particularly to something like medical transcription. Medical transcription has regrettably been allowed to drop in circumstances where it was a perfect suit for the Barbadian who came through an educational system that was relatively sound, able therefore to move to the next level of transcribing medical notes and to be paid almost double what the average data worker who works for CDS and others in the harbour would have been paid for other data services in the harbour. Now this was a high value-added job in an industry that seven years ago was assessed

to be a 15 billion US dollar industry. And that allowed Barbados and Barbadians to be able to provide valuable services to medical professionals who, because of the speed with which they must see clients, were unable to literally write notes - see patients. Sorry, were unable to write notes for patients in a hurry and use dictaphones and tape recorders where the content of those needs to be transcribed in order for the records to be accurate, for future medical treatment to be given. The other key point was that we, in fact, in our daylight, our working day is India's night. And therefore, because of the commonality of language and because of what the timeline affords us, it is a perfect opportunity to partner with established entities in India to ensure that people could give a valuable 24-hour service without the increased cost of overtime and other attendant costs there too.

Now, sir, the next point that I want to make in relation to the Invest Barbados Board, and I've heard that there may be plans to collapse it, and I truly hope that this government will not do that because we have already gone the route of having the BIDC responsible for Invest for international business. It is not structured to do so. It is not its culture. It does not have staff to do so. And in my view, it would be a retrograde step at the time when the country most needs the international business sector to perform, and I say so with all sincerity. But we cannot expect Invest Barbados to work miracles when we don't provide it with the funds to do its job.

Now, last year in the estimates, when we first received the estimates, Invest Barbados was to get \$7 million. It had received \$13 million in 2012. By the end of the estimates, what was \$7 million was ultimately amended to go up to \$10 million, which was still a 25 per cent reduction on the year in front. Now, this is a sector that we expect to earn the majority of corporation taxes in

Barbados. What are the facts? Sir, I am told, and I'm reliably informed, that in spite of the fact that this honourable chamber voted \$10 million for Invest Barbados, which was already down from \$13 million from the year before, Invest Barbados has owned - received - and we are at the end of the financial year - only \$5 million; 50 per cent of what was a reduced vote for it. And that 50 per cent, that \$5 million, is barely sufficient to cover wages and salaries. Now, how can we expect to see an improvement in the international business sector when we are not providing the resources to be able to highlight to the appropriate markets what services Barbados can genuinely offer to them? And this is what we mean, sir, that in a budget of \$3.8 billion, we will have succeeded in giving the second most important economic sector in this country \$5 million? No, we cannot be serious. And that is what I mean by making choices and prioritising where our support must go.

What are the facts in relation to what the international business sector really means? Not just to this parliament, but to the average Barbadian. It is the international business sector, Mr. Speaker, that in 2008, in the first year of this government, the corporation taxes received by the government was \$442 million. And two thirds of those taxes - two thirds of those corporation taxes, Mr. Speaker - came from the international business sector. To be specific: of that \$442 million, \$292 million came from the international business sector. Put it another way, of the \$442 million, only \$150 million came from Barbadian companies. And it is the revenue from these corporation taxes that pays the students' fees at university. It is the revenue from these corporation taxes that pays for the drugs at the hospital. It is the revenue from these corporation taxes that allows us to be able to extend a generous welfare state, to keep a functioning court system, to do the garbage collection, such that we can have a full fleet of trucks - not 14 trucks when 35 is needed to keep the country clean.

And what has happened since then? That sum of \$442 million in corporation taxes by 2010, Mr. Speaker, had dropped \$130 million to \$316 million. So in two years - in two years - corporation taxes dropped from \$442 million to \$316 million. But more importantly, international business taxes dropped from \$292 million to \$185 million - by more than \$100 million decline in two years. And then where was it in 2013? Because we have not yet seen the outturn figures for 2014. Yet in 2013, corporation taxes - and I want you to listen to this carefully, Mr. Speaker - the entire corporation tax take for the whole of Barbados was \$190.5 million. Do you understand that the entire corporation tax take, Mr. Speaker, was \$100 million less than what the international business sector alone earned for this country in 2008? No wonder 3 000 people are without their jobs now. No wonder garbage isn't collected on a regular basis. No wonder pharmacies can't

dispense pharmaceuticals. Because the government fundamentally has a revenue problem.

Now, Mr. Speaker, the Attorney General wants to speak from the other side. But perhaps I ought to share with the Attorney General that these statements which I am reading come not from the opposition, but from our notes - from what the honourable Minister of Finance opened the estimates debate with in March last year - and that he appealed to the country to understand that the country had a significant revenue problem. And all I am doing, sir, is drilling down to show that the performance of the international business sector is critical to the performance of government's corporate tax receipts, and that if government is now earning \$100 million less for all of its corporation taxes - which reflects both an implosion of the international business sector as well as the real performance of Barbadian companies in this environment - it means that there has to be a serious effort to expand the level of business coming into the international business sector.

The government itself recognised that there were problems when it sought to reduce the rate of taxation three years ago. The government itself recognised that there were problems when it sought to put a regime in place for high net worth individuals. The government itself recognises today that the issue of immigration is still an issue because the Minister has pointed out that he needs to meet with the providers and the immigration department. But I want to - I met with them. I'm sorry, but I want to point out to the honourable Minister that the law is already there for him to allow for expeditious processing. One of the last pieces of legislation we passed in 2007, Mr. Speaker, was an amendment to the Immigration Act that shifted the burden of proof from the Immigration Department to the applicant to tell the truth on the application form, and that if they failed to tell the truth, they would have to show cause why their work permit should not be revoked.

Now what does that do? Once you use the mechanisms for due diligence and investigation that were set up for Cricket World Cup 2007 in the advanced passenger information systems, you can within minutes check whether anybody is on an Interpol stop list or is in breach of any of the United States of America's watch list or databases as a person of interest. That initial assessment can come back within minutes. So within less than a day, there is required still substantive further due diligence. And once that additional due diligence is done, even if a provisional work permit is issued, the manner in which the law is now drafted shifts the burden of proof to the applicant so that if that applicant has told you a lie - has failed to be truthful on that application form - after you spend another four weeks going through greater due diligence, you just have to rate that person and say, please show cause why your permit should not be revoked,

because there is a discrepancy between what you signed and swore to and what we have discovered. Now that has been on the statute books for eight years. And all I'm saying to the Minister is that for whatever reason the Immigration Department may not be using it, but it needs, Mr. Speaker, to be utilised. Because if it is utilised, it means that the Minister can now ensure that persons wanting to be able to do substantive business in Barbados can be more expeditiously processed through the immigration department rather than the length of time that it currently takes.

You know, it made no sense to me, Mr. Speaker, for an immigration officer to be receiving an X-ray, because I don't know about them, but there are very few people who are not doctors or nurses who can read X-rays. So what you need from that applicant is not an X-ray, but you need a letter from a medical practitioner that says that person is in good health and will not be a charge on the Consolidated Fund of Barbados. And those are the things that we need to be able to remove and to make sure jointly that we can get done. The Minister has said that he is interested in cooperation on some of these issues. I have indicated to him that we will cooperate on some of them as well. And these are matters that ultimately will inure to the benefit of this country, because they are not matters, in my view, that ought to be the subject of a partisan dividend. But we have to change a culture if Barbados is to become one of the best global domiciles for doing business.

I also want to make the point that we felt strongly, Mr. Speaker, and we left a strategic plan there which bears great resemblance to the one that is now operational. And therefore I cannot criticise the strategic plan of the Minister since it bears great resemblance to the 2007–2012 plan. And I remember - you have two minutes in which to conclude. Thank you, Mr. Speaker. And one of the things that we recognised was that we needed to leverage Barbados' reputation for educational excellence with the international business sector. And what do I mean by that? There is no doubt that we want to see more Barbadians in higher-paying jobs in the international business and financial services sector. And therefore we ought to be offering to Barbadians in Barbados the opportunity to be able to get greater professional qualifications that will make them global citizens in terms of the sale of their services - chartered financial analysts, all kinds of things.

Now, we started discussions with the University of Toronto, which had done a study that located Barbados as the number two or number three - number three most important domicile in the international business sector in Canada with which it did business; the third most important country in the world for Canadians to domicile. And we felt, Mr. Speaker, that the opportunity presents itself for a partnership with a Canadian university. And we started to have discussions with the University of Toronto, working

with the University of the West Indies, to be able to offer professional and international certification qualifications - so that we could offer these qualifications on site in Barbados and by distance to persons in the rest of the Caribbean who are involved in the international business and financial services sector. It is still an area that I believe we must now pursue aggressively - that we need to leverage our reputation and our performance in the educational sector with global entities and global jurisdictions with whom we have relationships.

I also believe, sir, strongly, that with the opening up of Cuba, the fact that Barbados became the second country in the world to sign a double taxation agreement and a bilateral investment treaty with Cuba needs to be maximised by allowing our practitioners to promote what we can offer to those who may want to invest in Cuba, but who are not yet satisfied that the risk is such that they want to be exposed fully and frontally to the market. And in those circumstances, sir, Barbados becomes the perfect domicile for investment into Cuba. As we have shown with Venezuela, because of the risk appetite of others not being great, they have chosen to domicile in Barbados to forward their investments into Venezuela. Similarly, I believe that the Far East countries - we need to be looking at Cambodia, we need to be looking at Vietnam - there are areas where surplus funds - and I'll close on this point, sir.

One of the major things that happened when we had the protocol amending the double taxation agreement with China was that we realised that the DTA with China did well because Chinese entities were choosing to form in Barbados in order to benefit from loopholes in the purchase of real estate. Because Barbados does not charge a capital gains tax, and the double taxation agreement determined that a person should be charged at point of origin, which for those Chinese entities establishing in Barbados would have been Barbados. So Barbados had no capital gains tax. It meant a lot of Chinese entities were able to avoid capital gains tax for the purchase of real estate in China. China eventually changed it when they wanted to. We asked them for two years more to change our business case because most of the investment was coming out of Barbados and going into China. But we recognised that at the same time China was generating significant surplus capital and investing in companies outside of China - that's when it went into Blackstone Equity and a whole set of other companies. And what we needed to become to China was what we were to Canada: that Barbados should become a domicile of choice, not just for taxation reasons - thank you - not just for taxation reasons, but equally for investment treaty protection reasons and rule of law reasons, by being a domicile of choice for Chinese companies to invest into other parts of the world.

Mr. Speaker, I believe that there are significant opportunities in this sector, but I do feel that the

government ought to review some of the onerous burdens, including the level of fees, to make sure that we do not exclude this type of business from young Barbadians who ought to see this as an area in which they can excel. We understand the need for regulation, but it is our view that regulation must be appropriate to risk and consequently light in this area if we are to remain competitive and to be fair to our citizens. I'm obliged to you, sir.

Mr. SPEAKER: Yes. Honourable Member for St. James South.

Hon. D. O'N. INNIS: Mr. Speaker. In wrapping up debate on this matter, I wish to thank all of those members who have spoken on this bill before us today, both sides of the chamber. I would just wish to respond to or bring clarity to a few issues because I think generally speaking that we can safely say there is a great measure of support for the measure before us. In spite of the ill-considered views of the member for St. Joseph, who thankfully has been corrected by his leader, the Member for St. Michael North East, I am now satisfied that this bill does enjoy constructive support from the opposition bench as well. Since the Leader of the Opposition has clearly made the case that she defends and certainly supports this measure with a few proposed amendments which are quite fair and reasonable for consideration.

I certainly believe that one of the issues that have been raised relates to why we needed to come back in 2015 with a bill that replaced the legislation created in 2011. I thought this was forcibly spoken to from the perspective that there have been changes in the marketplace. We have certainly expanded the definition of international business to ensure that we capture some of those involved domestic companies engaged in the industry. Certainly the issue of directors and licensing them have come to the fore. There have also been the issues related to the Caribbean Financial Action Task Force, the OECD and the various international and regional entities that have considerable bearing upon the sector.

And certainly I don't believe that it is right for anyone to give the impression that there must be a five-year or a ten-year span before you come back and either make major amendments to existing legislation or repeal legislation and create a new piece of legislation. Parliament is a very dynamic structure. It must be responsive in many respects. It must also be proactive in recognising the fact that when we need to make fundamental changes in the legislation or bring new legislation, we must do that without some temporal dimension being imposed before any strong evidence.

The other point that I must stress is that the Chief Parliamentary Counsel's office did rightfully advise that it would be far better for us to bring a completely new bill

rather than make amendments to the legislation. And it makes it a lot easier to read. It makes it a lot easier to administer. And I certainly must commend both the staff in my ministry, the Ministry of International Business, and the Chief Parliamentary Counsel's office for their sterling leadership on this matter. I think that what these public officers are able to do is indeed commendable and something worthy of great respect and support from us in the Chamber.

One of the issues raised, of course, especially by the member for St. Joseph and the member for St. Michael North East, relates to the fees charged. Now, Mr. Speaker, let me say that what is before this Chamber today as the licence fee for those entered as service providers is about 50 per cent of what was actually proposed by the sector, by the key stakeholders in industry. No, it's not a matter of dominant players and whatnot. The reality about it is that there was a school of thought in some quarters that the fees must be pitched at a certain level in order to ensure that you are able to attract and retain service providers at a certain level. The ministry actually took the position that it didn't need to be so high and certainly we've opted to settle at the \$2 500 a year fee.

It would be perhaps a little bit mischievous to give the impression that this is somewhat prohibitive. The truth of the matter is that an attorney-at-law or an accountant entering the business seeking to be a service provider for the international business sector is not going to be exclusively involved in the international business sector. An attorney-at-law who seeks to register as a service provider is also empowered and free to practise law in the courts and do work around here. So you can't give the impression that \$2 500 per year as a fee for this industry is prohibitive. It is, to my mind, a very fair and reasonable amount to charge. And the truth of the matter is that we have to be very careful about the message we send. We don't want to bring these rates extremely low and then send a signal that we're not overly serious about it. If I for one felt that this was a prohibitive fee, you can rest assured, Mr. Speaker, it would not be here in this Chamber today.

When I entered the business as a sole practitioner, a sole proprietor in the business, I didn't have deep pockets. I certainly don't have them now. But the reality about it is that there were some levels of investment you needed to make. But you recognise that you can't do it all in one year. So there are many things we did over time to build up a business and certainly we're not going to see necessarily a lot of individuals coming as service providers given what we are demanding in terms of raising the bar and raising the standards. There will obviously be a need for a mix of skills, whether in the legal profession, accounting profession, corporate services, or professional administration, that is going to allow a service provider to provide that level of service to their clients. And therefore

the fee that is being charged is to my mind a fair and reasonable fee for those who seek to licence themselves as service providers.

One of the issues that has also been raised is the concern in terms of additional staff or the manpower, the human capital available within the Ministry of International Business or the Director of the National Business Office as regulator to administer this piece of legislation. I wish to disabuse members' minds of that concern. Let us reflect on the fact that recently we would have amended the IBCSR Act to provide for indefinite licences to be established, which certainly helps in many respects to reduce the burden. There is also increased use of technology and communication in getting things done. But more importantly, we are now saying that rather than come directly to the ministry - 4 000 companies or whatever - you are going to have to deal with your service providers. So the simple truth of the matter is that what is perceived to be additional work to the International Business Unit is in truth and in fact additional work to service providers who will be responsible for the Know Your Client issues, for collecting the information, completing the forms and submitting and administering them in many respects. So I don't share the concern that the ministry would need additional staff to administer this regime. But rest assured that if we feel that is going to be an issue, we would address it in a very proactive manner. But I am satisfied that actually there ought to be a reduction in the workload in this respect.

And Mr. Speaker, let me say that this now allows the ministry to place a lot more emphasis and shift a lot of the work onto the policy-making arm of the ministry to ensure that we are able to spend more time dedicating ourselves to creating the right kind of policies that foster the kind of enabling environment to really make the international business and financial services sector thrive and do exceptionally well.

It is regrettable that the honourable member for St. Joseph could in his comments seek to make the point that he saw no need for service providers to be regulated. That is truly regrettable for someone who has served as Minister of International Business under whose tenure this issue of service providers came to the fore. The reality about it is that if we are serious about maintaining the reputation of Barbados as a domicile of choice, we have to adhere to the highest standards for those who seek to provide services in the industry. And it is truly regrettable when the honourable member for St. Joseph, former Minister of International Business and part-time Attorney General, could be so bold as to say that he understands why doctors are regulated, he understands why nurses are regulated, but he cannot understand why managers and service providers in an almost one-billion-dollar sector of our economy cannot be regulated. I think we need to be a little bit more

serious on these issues, quite frankly, and put aside the petty politics as the honourable Leader of the Opposition has so ably attempted to do today.

The reality about it is that in the insurance industry you have insurance agents and service providers that are licensed and regulated. You cannot come into Barbados and say that you are going to practise as an insurance person without some form of regulation in place. You can go through the whole of this society and see different professions, many of which in the grand scheme of things are not as critical to the economic survival of Barbados as the international business sector is. And therefore we cannot compromise as a responsible government on allowing service providers in this sector not to be regulated. We are therefore sending a strong message both to our local citizens and to the international arena that Barbados is very serious about firmly locating the international business sector within our economic landscape. And we are doing this by way of raising the bar.

So when the Member for St. George North speaks about whether we are taking Barbados back, I say to him: no, we are not. We are simply taking Barbados forward. It is as simple as that. This is absolutely necessary.

Of course the issue that continues to loom large, and I am satisfied will be there for time to come, will be the issue of lawyers or accountants and whether those serving as service providers should be licensed as service providers notwithstanding the fact that they are already licensed or registered with their respective professional bodies. This is not the first instance. There are other aspects of our society where professions such as those are required to be licensed and regulated separately and distinctly from what attends in the legal profession or the accounting profession in Barbados.

Of course, I am not going to get into any argument over the Justice Sykes decision in Jamaica and the following decisions in the Canadian Court of Appeal in respect to lawyers and their matters. I leave that for the Attorney General and others to address. But simply put, what we are doing here is creating a separate and distinct piece of legislation that addresses matters pertinent to the international business sector. And we are simply saying, notwithstanding whatever profession you may be in, if you choose to go into the profession of providing services to the international business sector, you therefore now have to be licensed and will be regulated according to the laws of Barbados. Matters relating to clients in the normal exercise of your duties as an attorney that bear no relation to the international business sector are not necessarily going to be the business of the international business regulator. Your conduct as a lawyer or accountant is important, but matters that relate to your clients who are in the international business sector must become the business of the regulator.

If we start to compromise and backtrack on these positions, we run the risk of creating a lot of chaos and confusion and compromising on the integrity of our international business and financial services sector.

So, Mr. Speaker, I am satisfied that what we are doing here today will really help to positively transform the international business and financial services sector. As I said earlier, and as has been celebrated by my colleagues from St. Philip South, Christ Church West Central, St. Michael South Central, and indeed the Leader of the Opposition from St. Michael North East, there is acceptance that the international business sector is indeed making a meaningful contribution to this economy and society. For us, it is not a matter of international business or tourism. Barbados needs both and the carrying capacity for both is nowhere near what we can have in this society. So we are not going to get caught up in any issue over tourism or international business. We simply say Barbados needs both. We can excel in both areas. Visitors to the island must see Barbados as a preferred destination, offering high-quality service and a product. And similarly, they must see the same thing for international business.

What this government, led by the honourable member for St. Michael North East, is doing is creating a Barbados brand. I wish to stress that again, Mr. Speaker - we are about creating a Barbados brand, whether it is in tourism or international business. It must exemplify the highest level of professionalism and excellence in service and must be one that has a great reputation. So the Barbados brand is certainly evolving and we are manifesting it well in the key sectors of our economy going forward.

Mr. Speaker, I am mindful of the comments raised by the honourable member for St. Michael North East that there are some administrative issues in some key departments that we can do better at, and the government has never run away from those. We continue to strive to achieve a faster turnaround on matters in immigration, corporate affairs and the key departments. Yes, there is the issue of being online in the corporate registry, and we recently were here making the necessary amendments to legislation, and that is well on its way, in spite of whatever financial hardships some people may speak about. So we are not resting on our laurels in these areas at all.

Certainly one point I wish to add quickly as we look towards the future is the continuing call for human capital. And that is why my ministry is very much in support, and the government is in support, of the establishment of an Institute for Financial Services as an educational entity that would certainly focus heavily on the creation of that human capital specialising in and satisfying the needs of the international business and financial services sector. These are the kind of things that will separate Barbados from the

others and really make Barbados punch above its weight in the international financial and business sector around the world. And we are satisfied that this small island has done well and is poised to do even much better in the international business and financial services sector.

With these few words, Mr. Speaker, 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. D. O'N. INNISS: Mr. Speaker, I beg to move that you leave the chair and the House resolve itself in 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 - 24, inclusive, were called and passed.

Clauses 25 - 32, inclusive, were called and passed.

Clauses 33 - 42, inclusive, were called and passed.

The First Schedule became the First Schedule to the Bill.

The Second Schedule became the Second Schedule to the Bill.

The Third Schedule became the Third Schedule to the Bill.

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 Corporate and Trust Service Providers Act, 2015.

PAPERS

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to give notice of the Estimates of Revenue and Expenditure, 2015, and to lay the Estimates of Revenue and Expenditure, 2015.

GOVERNMENT NOTICES

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to give notice of the Appropriation Bill, 2015.

FIRST READINGS OF BILLS

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move the first reading of the Appropriation Bill, 2015.

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

GOVERNMENT BUSINESS

Mr. CLERK: Madam Deputy Speaker, Order Number 7, in the name of the Honourable Minister of Education and Human Resource Development, to move the second reading of the Education Amendment Bill, 2015.

ORDER NO. 7 – EDUCATION AMENDMENT BILL, 2015 –
SECOND READING

Madam DEPUTY SPEAKER: Honourable Member for Christ Church East Central.

Hon. R. D. JONES: Thank you very much, Madam Deputy Speaker. This is essentially a minor amendment to the Education Act, Cap. 41, Section 47. It is known that our students are awarded from government funds scholarships, exhibitions, various other awards, grants, bursaries, et cetera. And the Act points to those individuals who should be so awarded. It speaks specifically to the issue of citizens of Barbados, persons who are children of a citizen of Barbados, or children of a person who is ordinarily resident in Barbados and has been so resident for a period of at least seven years.

What has essentially happened is that there are several persons who pay fees within the particular secondary school sector, because no fees are paid within the nursery or primary school sector. But as students go into the secondary school and they are not citizens, unless they are covered by other agreements or conventions, they would have to pay fees within the secondary schools. Those fees are not burdensome. I don't believe that in the various schools those fees go past \$500 a term, but at least they pay fees within our 22 or so public secondary schools.

But persons are obviously interested in attaining, as a result of their intellect or their scholarship, government scholarships and exhibitions. And one does not mind that going to citizens of the country because that is what they are - they are citizens of the country. But some concern has been raised over time by either schools or officials of the Ministry relative to just the notion that children of a person who is just ordinarily resident in Barbados, who do not carry citizenship status - I am not sure that they even carry immigrant status - but that they too can qualify for a government scholarship. And this is just one way essentially of seeking to tighten up that aspect of the Education Act so that government scholarships, bursaries and other awards would go essentially to citizens of Barbados.

I do not know of many countries in the world - there are a few, particularly in northern Europe, places like Sweden, Finland, et cetera - who can so benefit from studies in their countries. But that is generally a normal undergraduate or postgraduate programme. But in this context it is an award. Especially exhibitions and government scholarships are awards for Barbadian citizens who have exhibited the standards that must be reached to be granted such scholarships.

Now, there are, as I said, other persons within the system who are not citizens who also reach that standard. And this legislation - this amendment - is to ensure that Barbadian citizens are the ones who in fact are recognised for the scholarship. I believe the segment which speaks of persons ordinarily resident in Barbados for seven years corresponds to what you would find in the Immigration Act of Barbados. But I don't believe that Act was so set up to influence the Education Act in such a way that persons who are non-Barbadians, who are non-citizens of Barbados, can be so awarded.

Over the last four years - not counting this year, but between 2009 and 2013 - there could have been 23 persons who could most likely qualify because of that particular regime. And you will find that the amount specified for awards, particular scholarships, government scholarships and government exhibitions, along with such issues as bursaries, exhibitions and other grants from the Ministry of Education, could have also gone to any person who has that particular designation. So this is to tighten that particular aspect of the Act up specifically to ensure that Barbadian citizens would be so awarded the particular exhibitions or scholarships or whatever has to be provided by the Barbadian state.

This is not a selfish exercise, but it is one that is practised across the world where your citizens essentially come first, and if there are any benefits to be accrued, that those benefits will be accrued to the citizens of the respective country.

Madam Deputy Speaker, I am just doing this briefly because I wish to assure the House that the Head of Education will be the first one called next week, and major debate can so ensue on education. But I am just doing this to get rid of these particular issues. We would know that there has been a change over the years in how you qualify for these exhibitions and scholarships, and it will show that students continually rise to the occasion and satisfy the required standard.

So, Madam Deputy Speaker, just those few words on that amendment to Cap. 41, Section 47, which states that a person shall only be entitled to the bursaries, grants, awards, scholarships and exhibitions referred to under subsection (1) where the person is a citizen of Barbados. I beg to move that this bill be read a second time.

Madam DEPUTY SPEAKER: Honourable Member for St. James North.

Mr. E. G. HINKSON: Thank you, Ma'am. Before this Honourable Chamber for vote is a Bill to amend the Education Act to limit the category of persons eligible for bursaries, grants, awards, scholarships, exhibitions only to Barbadian citizens. This Bill seeks, therefore, Madam Deputy Speaker, to alter the law as it is now, as I understand it, which allows not only citizens of Barbados to be granted these financial grants, but also persons who are ordinarily resident - and of course that is a legal definition too, Ma'am - ordinarily resident in this country for seven years or more.

This proposed amendment to the Act is simply another cost-cutting measure by this Democratic Labour Party Government to the educational structure of Barbados, which, as I understood it, both parties, including the Democratic Labour Party, had held dear and sacrosanct for over 50 years - that education was a fundamental and sacrosanct institution in this country, by virtue of which poor working-class people and their children were able to climb up the socio-economic ladder, improve not only themselves but their families and their communities and their wider districts in this country.

We got what we got two years ago. Last year's Estimates, rather, Madam Deputy Speaker, was basically a cost cut of 10 per cent, 12 per cent throughout all the Ministries, including the Ministry of Education. And this is unfortunate, Ma'am, because a Government is there to make choices. And previous to this Democratic Labour Party Government, the choice of all political administrations in this country since the 1960s - early 1960s, certainly even before - was that education was fundamental. And the quality education of our citizens is what primarily has got us where we are in Barbados. Under the last political administration, led by the Right Honourable Member for St. Peter, the smallest country in

the world was moving towards developed country status - that now is an ideal and an objective as unrealistic as someone from earth reaching Jupiter, and largely because of the choices that this Democratic Labour Party Government has made.

I mean, we heard up to this morning the Honourable Member for St. James South speaking about our educational system and the high quality of it and where it has led this country to be in world affairs, and the respect and reputation this country has had because of it. And this is clearly an attempt by a Government that has mismanaged the economy of this country for the last six, seven years, largely by their incompetence and their lack of strategy and their ad hocism and their knee-jerk reactions, and finds itself now cash-trapped with a revenue problem, and therefore by another means touching what was previously a sacred cow to this country.

The prime effect of this amendment, Madam Deputy Speaker, will mean that many persons who are resident in Barbados for years, but who are not citizens of this country and who may very well be permanent residents, will now not be eligible for these financial grants from the State. And certainly in my constituency, St. James North, I have many constituents who are born in other CARICOM territories - whether it is in St. Lucia, whether it is in St. Vincent, other countries - but who have been living here for longer, in fact, than the Honourable Member for St. Michael South East has been born. They are not going anywhere. This is their home. But no, they will not be eligible. And in some cases, which I will go on to say, their children either.

You may have children, Madam Deputy Speaker, of parents who have acquired citizenship, but the children are not citizens of Barbados. The parents may have acquired citizenship of this country even though not born here, but the children now are not citizens because they have not been born here. And they would not be eligible either for these bursaries, grants, scholarships, or exhibitions. But they are not going anywhere either, Madam Deputy Speaker.

These people vote. These constituents of mine vote. They have a vote. And they are in all of our constituencies. There are examples of this category of individual who is resident in Barbados in all of our constituencies. They vote here, they pay income tax, they have to pay the Municipal Solid Waste Tax.

Which is consistent with this Democratic Labour Party government since it came into office seven years ago. In fact, Madam Deputy Speaker, I believe there was a proposal to change the immigration bill. There was a green paper or white paper. I don't even know what the colour - can't even remember what the colour was. Really and truly

it didn't matter that this Democratic Labour Party government put out, I believe it was in the year 2009, that was seeking to propose that even children who were born in Barbados would not automatically obtain citizenship once their parents were not Barbadian-born. And this has never been the philosophy or basis of our laws and of our policies. You know, I mean, we don't know where that immigration paper of five years ago is. Thankfully, we haven't heard much about it. I would certainly fundamentally oppose that because I believe that anyone who is born in Barbados should automatically be a Barbadian citizen whether their parents are born in Barbados or not. We are two, you know, closest countries. I mean, the slave ship let off some of us in Barbados, let off some in St. Vincent, let off some in Jamaica by happen chance, but all of us essentially won. And therefore this is a continuation of myopic policy by a government that finds itself in a dire revenue situation. And rather than say that - you know, don't let's try to dress up this change, this proposed change that is brought before this Honourable Parliament today. That is essentially what it is.

But we are also reaching the case, the situation, Madam Deputy Speaker, where even Barbadians who have previously been entitled to bursaries have not been able to get bursaries. And I'm not talking about the 3 000 bursaries at \$3 000 apiece that for months was a figment of the imagination of the Honourable Member for Christ Church East Central. I'm speaking now about persons with disabilities. Madam Deputy Speaker, in this month of the disabled, we have a dire situation at the Learning Centre. At the Learning Centre, I hear the Honourable Member, Minister of Education, saying that's not true. It means therefore he does not know what's going on in his own ministry, which doesn't surprise me. That is the case with a lot of the ministers - they don't know what's going on.

But the Learning Centre - the Learning Centre of which the Honourable Member for St. Lucy is aware - is an institution which, although private, is heavily subsidised traditionally by the Government of Barbados. It has not received any payments for bursaries, even for Barbadian students, for this academic year. Madam Deputy Speaker, not one cent for this academic year which started September last year. The Learning Centre, a school comprising the most vulnerable children in this country - at least 75 of them who cannot help themselves - has not received one cent in bursaries from the Ministry of Education. Over 90 per cent of those 75 children, Madam Deputy Speaker, are on full bursaries from the Government. The Government, the State, has traditionally paid 90 per cent of the tuition fees of the children with disabilities - children under 18 years of age at the Learning Centre - and they have not received the same. They received 44-odd thousand dollars on the 26th of January, just six weeks ago, for last academic year. The last

semester of last academic year was outstanding up to six weeks ago. They only received that on January 26th.

So Madam Deputy Speaker, even Barbadians - so it won't surprise me if we would soon get an amendment to the Education Act abolishing scholarships and exhibitions or limiting them and saying that National Development Scholarships will be limited. In fact, National Development Scholarships have already been limited since the last general election, because the year before the election, if I recall, the Government gave about 21 National Development Scholarships and immediately after the 2013 election there were only six. So that effectively has already been diminished. And probably the Honourable Minister of Education will soon be bringing formally an amendment to the Education Act to limit the number of exhibitions and scholarships and grants for Barbadian citizens too.

But the Learning Centre is under severe financial pressure because of the failure of this Democratic Labour Party government through its Ministry of Education to deliver on these bursaries. The operational and day-to-day expenses are obviously affected. They can't pay the bills, the salaries are not being paid - under real pressure, can't maintain the property. I mean, they're trying to raise funds every year, to have a fundraiser. I go to them - a very good fundraiser they had in December. A lot of the artists - some I believe the Honourable Member for St. Michael South East would have got for them - some of them performing there for free. All of that has to be done now. I don't even know if the Honourable Minister of Social Care is aware of this.

There is a strong possibility, Madam Deputy Speaker, that the school may close. In fact, at a meeting of the 21st of last month, just two weeks ago, the parents were informed of the possibility that the Learning Centre would close - 75 children with disabilities would no longer have schooling - in this month of the disabled. I truly call on the Democratic Labour Party government before the end of the month to remedy this situation. Find the money, find the money for bursaries for Barbadian citizens. So don't let's get tied up about this thing that we know - limiting bursaries and grants and awards to Barbadians alone. The Barbadians are not getting it either, you know.

And this report, Madam Deputy Speaker - the National Advisory Commission on Education report, a commission set up by the said Honourable Minister of Education, the Rock Commission - a report delivered in 2010, I believe, which was a document to the House. Madam Deputy Speaker, I'm sure it is. At page 56 it recommended that bursaries for students with special needs attending the Barbados Community College and attending the University of the West Indies should be increased - not done away with, should be increased - to cover items such as software and technical aids, and that a disability fund

should be established. And it also went on to say at page 60 that more National Development Scholarships should be available for people with disabilities to provide training in areas such as vocational rehabilitation, physiotherapy and occupational therapy. So the commission which was set up by the Democratic Labour Party government recommended to them that you should increase the quantum of awards given to students with disabilities and with special needs - not to do away with it altogether, as if these are people who don't matter just because they are the most vulnerable in society.

The poverty study that was made public a couple of years ago - a poverty study arising out of, I think, a 2010 document to this House as well, Madam Deputy Speaker - indicated that one out of five people in Barbados is living below the poverty line: 20 per cent. So don't let's get fooled that this economy is improving, because most of those 20 per cent of persons living below the poverty line - a significant number of them - are people with disabilities. So we can't just ignore them like that.

The Honourable Minister of Education himself, at page 60 of that report, admitted that Government - and I quote - was not doing enough for children with special needs and that society itself had neglected them. He felt that to rectify this the overall budget should be increased and additional resources made available. The Honourable Member for Christ Church East Central said that a couple of years ago, in 2010. So for him to say here now, in a sort of voice, that he does not know or that what I'm saying about the Learning Centre is not true - when it is as true as John 3:16 - really and truly justifies what I said a few months ago: that he should be relieved of his Cabinet post. He's not doing either Barbadians or non-Barbadians living in Barbados justice right now.

So this, Madam Deputy Speaker, is essentially another cost-cutting measure by the Democratic Labour Party government that does not know what it's doing - doesn't know its hand from its foot. And the Honourable Minister of Agriculture would support me, no doubt, on that. He has had his problems - as has been publicly shown up to yesterday - with the Honourable Minister of Finance. Don't know what to do, you know. Incompetence at the economic level by this Government, seeking now to limit the categories of persons getting financial awards from the Government and again diminishing the ideal of Caribbean integration which we should be striving for in this country. I'm obliged to you, Madam Deputy Speaker.

Madam DEPUTY SPEAKER: Honourable Member for St. Peter.

Rt. Hon. O. S. ARTHUR: I would like to make a brief contribution to this debate. The matter before the House has at its core an issue that touches upon one of the

pieces of unfinished business in the region's attempt to create a single market and single economy at grand arms. In 1989, Prime Ministers of the Caribbean agreed to move from the limited concept of Caribbean integration as enshrined in the original Treaty of Chaguaramas and to conceive for the first time of the space of the Caribbean as a single market and a single economy. And the intention was fulfilled in part to change the original Treaty of Chaguaramas to move the region from a limited common market to a single market and single economy.

Those of us who were at the centre of that exercise to fulfil the Grenada obligations by 2006 had put in place the provisions to make the region a single market. We left in place provisions called the Caricom Plan to create a single economy. And where we were not in a position to fully give effect to the commitment to the people of the region to create a single space, we left a built-in agenda - Article 238 of the Revised Treaty of Chaguaramas. And that agenda says that there are certain things that we need to put in place that we have not yet been able to put in place, but we give the undertaking that we shall deal with them. And among those things was the provision of something called contingent rights.

The initiative to create a single market gives people the right to move and to live and to work in other people's countries. What are the rights attendant on the obligation that the region has given you to be able to live in somebody else's country? So that you will find in Article 238 of the Revised Treaty of Chaguaramas that there is a thing called - that we give the undertaking to conclude - a protocol on contingent rights. And I have been in recent times speaking about the need for us to advance the cause of Caribbean integration, and some of the difficulties that we are having on matters like this would be resolved if that built-in agenda in the Revised Treaty of Chaguaramas and all the work that has been done to develop protocols and matters like contingent rights are really brought to satisfactory conclusion.

Now, Madam Deputy Speaker, I have a very strong view on the matter. Our approach to regional integration has a double taxation treaty that differs from the ordinary double taxation treaty that Barbados ordinarily signs. An ordinary double taxation treaty for the purposes of international business is based upon the OECD model where you pay taxes based upon residency. But the double taxation treaty in CARICOM is based upon the concept that you pay taxes at source. So that if you are a non-Barbadian working in Barbados under the double taxation treaty in CARICOM, you are supposed to pay taxes in Barbados. And I feel that as a matter of fairness, if a person is paying taxes in this jurisdiction, that person should be entitled to enjoy the benefits of the services that those taxes help to create.

So that in my view, a person who is not a Barbadian living in Barbados, paying taxes in Barbados under the double taxation treaty provisions, should be entitled to enjoy the benefit of the services that these taxes are helping to create. And I feel that this is not only so in the case of Barbados, but this will take a lot of the difficulties out of our effort to really make the Caribbean economy available to the people of the Caribbean on equal and equitable terms. So that problems like this are going to continue to evolve precisely because we have not finished the unfinished business of putting our regional affairs on a stable and steady basis. And I will urge, sir, the Government of Barbados to press the region to put in place a protocol on contingent rights as it concerns the rights of people who are moving from country to country in relation to access to health care services and education services in the countries in which they move.

But, Madam Deputy Speaker, I wish - if you would protect me from my Member of Parliament - and if he does not start humbugging me in this House, I will not vote for him the next time around. I noticed I did not say again. But I am open, Madam Deputy Speaker, to being persuaded, and he is trying to trouble the wrong person among the people in this House. I am the person who can hold his destiny in my hands. Stop humbugging me.

But I also want to make the point, Madam Deputy Speaker, that I hope that in the course of our Estimates debate - and I cannot tell the Government what to do - but this House would do well to have a full debate on education. I recently read, and it would serve all Members of the House who are preparing for the Estimates to read, the papers in the Central Bank. The Central Bank from time to time publishes some lovely papers that are not necessarily written by people from the Central Bank, but there is one by Jay Mandel and it is called Modernizing the Barbados Economy. And sometimes it takes a person who comes from outside your jurisdiction to give you a perspective of what you should be doing that you, who are so immersed in things, do not see for yourself.

And the thrust of his paper is that Barbados runs the risk of believing that we can just depend upon tourism to get us out of these problems. But Barbados has to prepare itself to function in a new technological age where our citizens' capacity to understand and use technology and to get involved in entrepreneurship and innovation is going to be the core of our efforts to modernise this Barbados economy. And it seemed to me, Madam Deputy Speaker, that while we have paid a lot of attention to what is happening at the level of tertiary education, the time is upon us as well when I think that Barbados has to look very carefully at what we are doing in relation to the cost benefits of our expenditure at the secondary level. Because people often speak about the wastage at the tertiary level. But the truth is - is Barbados getting the fullest benefit for

our commitment to universal education and free education at the secondary level as well? And have we recently done an evaluation of the quality of the output at the secondary level to make sure that what we are getting and the line of its development is consistent with what is needed for this country to survive in a new age where innovation, technology and entrepreneurship are going to be the cutting edges of economic development?

I would like also, Madam Deputy Speaker, to participate in the debate on education because at some stage it would allow me to be part of a debate that I did not get in the last election campaign. This country has come far since independence and we have come far by building a society based upon our citizens' entitlement and rights of access to certain critical services that are crucial to the development of their personality and crucial to the development of their society. I would have gone on record, and I repeat it again, that a part of the problem facing the Barbados economy is that our social sector has become too expensive for the economy to carry. We have now not to retreat but to do a reordering of our social sector to make it more compatible with what an economy like ours can carry. That was the message of the Barbados Labour Party in the last election. The Democratic Labour Party said we were trying to privatise education, but the fact of the matter is, whether we want to accept it or not, Barbados as a society has evolved a range of social entitlements and benefits for its citizens that are remarkable even by the standards of a developed society. And less than 50 years after independence we have reached the stage where a critical question has to be asked and answered: can we continue to afford our citizens the kind of universal, free access to every benefit that they believe is their birthright? It is the issue, I believe, of the times. It is the issue that requires careful discussion and a carefully measured response.

Now, nowhere is this more urgently required than in relation to education. If you read the global competitiveness reports on countries, some countries' competitive positions are based on the quality of their macroeconomic policies and performance. Barbados' global competitiveness position - the place we hold among the countries of the world - is based on our investment in education and health, and therefore if we are going to approach matters in relation to reforming education and health we have to understand that in addition to issues in relation to the impact on the individual, we are going to be affecting the status of a country's competitive position. It requires, Madam Deputy Speaker, a very serious debate.

I also believe that the debate is one in which people may have to speak as I am speaking now - as an independent Member of this House - because the time has come for us sometimes to drop some of the partisan

constraints that stop us from being able to understand what is required of this generation of Barbadian politicians.

Now let me say this. As a Minister of Finance I knew that the day was going to come when people would have to start paying in part for their tertiary education. And I tried to set in train a process by which I started to save for it. As a Minister of Finance I put on the statute books of this country a Registered Education Savings Plan provision where parents saving for their children's tertiary education are allowed relief from the withholding tax on interest. Part of the programme of the Barbados Labour Party in the last election. As I said, my view is that the provision that I as a Minister of Finance put in place was too limited and that what we should be doing is encouraging people - I should be encouraging people to save for their children's tertiary education on the understanding that they may not want to go to the University of the West Indies.

And I say that, Madam Deputy Speaker - I have my first daughter. She represented Barbados in table tennis. When the time came for her to go to a university, I could not send her to the University of the West Indies because the University of the West Indies does not have a specialist faculty in table tennis. I had to find the best institution in the world where somebody interested in becoming a table tennis player could go. She went to university in Texas. As a father I had to find the means to help her to go to a place where she could get a degree in accounting but be trained in something that benefited the country. There are many Barbadian families who do not send their children to the University of the West Indies but who could benefit from a well-structured tax incentive that enables them to save for their children's education, and that we have to begin to open up this discourse as to how it is that we can incentivise our people to carry more responsibility for their welfare as the state now has to retreat from current obligations that we carried in the first four decades of independence but have now spiralled outside our reach. This is the debate of our times.

Barbados must, if it is to make a retreat - a cut in our expenditure on education and healthcare - create an empowering mechanism whereby, as the state itself reduces its own expenditure, we encourage persons who are in a position to pay taxes to carry more responsibility for their own welfare. And let us also drop some of the myths. Barbados has always been a country where people have paid for health care. Barbadians have been incentivised to be able to hold health insurance. And if the Government is going to cut expenditure on health, let people be able to have a health care provision that offsets the expenditure on their health care against their income tax. And in relation to education, as I understand it, new schools are being built - and excellent new schools are being built in Barbados. I am told that one is at Providence. What the Government should

do is encourage the building of more schools and the Government purchase access to [Inaudible.]

them for people in the same way that we purchase access under the alternative care of the elderly, the healthcare institutions. The government does not have to say they build schools. You can create an environment within which people can have access to these things. We did it with the alternative care of the elderly programme. But the fact is we have reached the stage in this country where these things have to be put before the country in a serious way. I said it before - I got lambasted for it. And sometimes it is good to lose an election for the right reasons because you put before the country what it is that they need to hear. This country's social sector has become too large for the economy to carry. It has to be adjusted. But let us, in adjusting it, do it in a sensible way. Education and health care - we have had mechanisms for their financing in the 34 years of independence, persons like myself and persons in a position who pay taxes. And I am making that distinction because the Labour Party manifesto said clearly that if you have to make any adjustments, the government in Barbados still has an obligation to defend the poor and the vulnerable. People below the level where they do not pay income tax should not be subject to these adjustments, because these people - like myself and others who can pay income tax - can be given incentives to offset any new obligations that we have to carry.

But we can find a way, and I am urging, sir, therefore, that in respect of the international part of this matter, the government of Barbados should lead the way in the region, putting in place the contingent rights protocol. Because it is a wrong thing for the region to tell the citizens that you can move from country to country - and we are doing that - but without knowing what are your rights and entitlement of access to services where you go to the countries that you say you have a right to work in. If there is nothing else that the leaders of the region should do, it is to really put that protocol on contingent rights for migration in place. It has to be done. And I say that because I recently gave a speech in Trinidad. I indicated, Madam Deputy Speaker, that the Caribbean Community every year gives ten times more work permits to non-nationals than they give skill certificates. So I feel that you have to do that. The contingent rights protocol would address some of these issues.

I have said what my position would be - that a CARICOM national is living in Barbados, it can be verified that they are paying taxes, and Barbados, under the provisions of the CARICOM Double Taxation Treaty, I feel that they should be entitled to the services that those taxes help to pay for. I think so. I also feel that the time is upon us where we should have a full debate - not just on tertiary education, but on all education. And the question is: are we now, through our education system - we created

an education system that addressed the fundamental matters of numeracy and literacy and basic skills - is the education system, not only at the tertiary level, but at the secondary level and even at the primary level, enabling Barbados to build a society whose growth and development can be rested on the skills of its people in an age where the shaping factors of economic growth and development are no longer access to land, labour and capital, but access to skills, innovation and technology? And if, sir, the government would oblige us by having that debate on education at this time in our society - yes, I beg you all to. At this time it is the single most urgent matter that needs to be addressed in the well-being of the people of this country.

I do not want to personalise it, but I know cases in my constituency where there are young people who were in the same position as my parents were in 1968 when I was to be the first of my family to be a graduate - whose ambitions in having their children so aspire could be frustrated by these policies. I am not going to agree ever to kicking down the ladder by which I climbed up, and the government would not have it. And I have already said over and over again that if it required that there had to be a special tax to pay for tertiary education and that former graduates had to pay, I would be the first person in line to pay, because I feel that I have to help people who are willing to climb up to be able to climb up like how I climbed up. But I would relish if we could have that full debate on education. And if we could have a full debate as well - an enlightened debate on all the fundamental matters that have gone unaddressed.

And I close, Madam Deputy Speaker, in this way: there is an unfinished business in CARICOM that can be addressed to solve this matter. But I also urge that there are unfinished major issues in the transformation and growth of our economy and society that need to be addressed. And I hope that we will be able to come to those matters with seriousness in a manner that justifies our presence in a parliament in the 21st century during the course of the debate that comes. I am obliged to you, Madam Deputy Speaker.

Madam DEPUTY SPEAKER: Honourable Member for St. Lucy.

Hon. D. St.E. KELLMAN: Madam Deputy Speaker, I want to concur with what the Honourable Member for St. Peter has just stated. But I must also not ignore what was said before by the Honourable Member for St. James North. Because, Madam Deputy Speaker, it is clear to me that what we saw here this evening as a contribution and a criticism of the government was not necessarily a criticism of the government, but was an admission that the Honourable Member is saying that the Barbados Labour Party misled him when they encouraged university students

to march for a reduction in the 20 per cent of their contribution not being paid by government. And what I interpreted from the Honourable Member is that instead of the Barbados Labour Party putting a case on behalf of the students at the University of the West Indies, they should have been putting a case for those students at the Learning Centre. And I want to say, Madam Deputy Speaker, that I totally support him in that, because he also went on to make the point that 75 per cent of the students are receiving full bursaries at the Learning Centre. 75 per cent of the students receiving full bursaries.

Mr. E. G. HINKSON: I do not want the Member misleading the House. I do not want him to get carried away. He should know this better than me. Because as he disclosed last year - he has, for the first time that I heard him in his 20 years in parliament - he has a very close relative who is either there or used to be at the Learning Centre. So he should know this better than I. It should not be me who has to come and disclose to this parliament what the Minister of Education himself does not know about. What I said was that there are at least 75 students at the Learning Centre and that 90 per cent of them receive full bursaries. That is what I said. But that is something that the Honourable Member for St. Lucy ought to know if he cared about people with disabilities and poor people. Thank you.

Hon. D. St.E. KELLMAN: Madam Deputy Speaker, I never said that I have a relative. I stated on the floor of this House on more than one occasion that I have a son who goes to the Learning Centre. And so I do not want anybody to believe that there is somebody at a distance. And I have always made the point - I have always made the point to Cabinet and prior to coming into government - I have always said that I found it rather strange that in a country that has free secondary education for people who can help themselves, we are not prepared to do it for those who most deserve it. So do not let anybody believe that I am only responding to the Honourable Member. But you know what is interesting - I said that 75 per cent were on full bursaries and the Honourable Member corrected me and let me know it is 90. So what the Honourable Member is admitting is that the position is not as bad as he is stating. Because if you are having 90 per cent on full bursaries - 90 instead of 75 - it means that only 10 per cent are not on full bursaries. And that was in his own contribution.

But what the Honourable Member is telling the House is that when they went out there marching on education, they were misplaced, because they were marching for people who could help themselves. And those students who could not help themselves - they never marched one day for them, they never put a case. And what the Honourable Member is also saying in this House today, Madam Deputy Speaker, is that when the Honourable

Member for St. Michael North East was chosen to be the Deputy, it should not have been her - it should have been him - because he is the only person who put the case on behalf of the disabled in this country. That is the argument: that the Honourable Members misled the country by giving the impression that it was the university students, and that he is the only one putting the case for the ones that really deserve it. And I want to congratulate the Honourable Member for St. James North for breaking ranks and putting the case on behalf of the ones that deserve it. Because what he is also saying - and I hope the Minister of Education is listening - is that the money that has been cut from the subsidies for those at the university: he made the right decision, but it should be transferred to those students. And I agree with the Honourable Member for St. James North that they deserve that money.

But I do not think he should use his party as the excuse to put his case as the only opposition member now putting the case on behalf of the disabled in this country. There is no need to come and advertise it - to put a case on behalf of them in that way, using them. Because all we saw this evening is an Honourable Member use those people just to put a case on behalf of himself. To push himself out of the leadership. Now he knows that there is a particular problem within his party. So, Madam Deputy Speaker, I support the resolution before this House. And I also want to congratulate the Honourable Member for St. James North for laying his case. Yes, he is laying the case and he is a well-known fighter, because he fought well previously to get the nomination for the seat to come in here. And he has now demonstrated that he does not only want the seat, but he also wants the leadership of the party. I thank you, Madam Deputy Speaker.

Madam DEPUTY SPEAKER: Honourable Member for St. Michael East.

Mr. T. A. PRESCOD: I rise to make a brief contribution like most of those persons who spoke before. And I want to really begin by not in any way discounting or attacking anything that has been said by an elder of the House - the Honourable former Prime Minister, the representative of St. Peter. But my concern is this: if you are saying that some time ago you put on the national agenda the discussion for the payment of education because you believe that this is the correct time for such a debate to occur, and suggesting that there would come a time when education must be paid for - it is a little surprising to me that overnight this metamorphosis could occur. When just a few years ago you were saying that you were the first leader in this country to put the element, the concerns of poverty, in a meaningful way as part of the focus of a government. Whilst scientific analysis before had addressed issues of poverty going back to the 1930s and subsequently, it was the first time in the history of Barbados that the government that you led at that specific

time was focusing - that any government was focusing - attention on the eradication of poverty. And at the centre of the eradication of poverty - the Member was a member of the party that put on the statute books of Barbados a Registered Education Saving Plan. If he did not understand then what he was voting for, he should confess his ignorance.

I just want to make the point. I do not want to get entangled in any disrespectful way whatsoever. But if you are saying that it is a matter for public debate, then you are also saying that no view at present stands as absolute. It cannot be absolute. The fact that you are saying this is a matter for public discussion in order to reach a comprehensive conclusion means you are also saying that no opinion stands absolute in this discourse on whether education should be free or not.

Rt. Hon. O. S. ARTHUR: Madam Deputy Speaker, the Member is again misleading the House. I have never tried to say that anything stands absolute. Perhaps in the modern incarnation of the Barbados Labour Party, of which he is a member, things are absolute. But I am accustomed to an environment in which things are put for discussion to reach a conclusion.

Madam DEPUTY SPEAKER: Point of order taken.

Mr. T. A. PRESCOD: Madam Deputy Speaker, please allow the Honourable Member to continue. Sometimes when people are on the eve of departure, they say a lot of things. They say a lot of things to impress upon the public that they are the most humane of creatures. The most humane of creatures.

On the eve of departure, we are hearing things that we do not know if tomorrow you will hear the same thing. Because sometimes lucidity - lucidity - is likely to come on stage.

Rt. Hon. O. S. ARTHUR: Point of order. I do not know where the Member is carrying this, but the Member is older than I am and he is speaking about Alzheimer's. And if he wants to confess to the House that he is going in that direction, I think he should freely do so.

Mr. T. A. PRESCOD: It is about the level of depreciation of an asset - not time depreciation of an asset. The reality, sir, is - over the years - excuse me, Honourable Members.

Madam DEPUTY SPEAKER: Honourable Members, I cannot permit you to be casting insults across the floor at each other. Please desist. Continue with your presentation without the insults.

Mr. T. A. PRESCOD: I have never said anything. I was just generalising, Madam Chair. I am just generalising that it doesn't come across that way. Well, let us say sometimes some of us suffer with these things.

Madam DEPUTY SPEAKER: Please continue with your presentation.

Mr. T. A. PRESCOD: I agreed with him. I am in agreement with him, but I don't know. I am in agreement with him. Hold on a second. I am in agreement with him that there is a necessity for serious debate on this matter. I personally believe that this is a reaction to the present state that we find ourselves in with our economy. I strongly believe that the debates that we saw coming from Sherlock in the early days, more distinguished persons as thinkers than I am witnessing today, like Eric Williams, great thinkers, Hilton Vaughan, Hugh Springer, people who apply themselves in a meaningful way to a debate on education, both secondary and tertiary education. I had the privilege of walking down the steps of this Parliament a few years ago as a member of the Democratic Labour Party in the Senate. And I was in the company of the honourable late Cameron Trudeau. And Cameron Trudeau said to me when I asked, he said, and he called me by this name, Pressy. When I asked the Honourable Errol Walton Barrow, how are we going to sustain free secondary and tertiary education in the long run? He said, the then Prime Minister said to him, as far as I am concerned, education is a human right. He put it in that context and he said, you start it. You start the programme, and we will find the money.

I am not debating whether it is practical or not. I am talking about the underlying philosophical position, not a neoliberal view that overnight, because of international trends where people are saying that everybody must pay for something, that all of a sudden, to appear to be among some of the modern intellectuals - people who call themselves intellectuals - running across the Caribbean polluting the environment, sometimes with a lot of archaic views and trying to modernise them. Those views are the dangerous views in the modern Caribbean that will put us right back to where we were as far back as the 1930s. The same views that were held about the eradication of poverty coming out of the studies of the 1930s and 1920s are the views that you are now hearing by the same right-wingers of the day on these issues. Before, you had a different view because you cannot talk about eradicating poverty knowing very well that there are people in the society who do not have the means to pay for education. And then now suggesting that we would have to pay for education at one time or the other in our history. All I am saying is the Government ought to put this on the table for extensive debate. Do not just do a knee-jerk reaction on these issues and decide that this is a time that we must pay. That does not negate the fact that initially the Government took a

stand that all students would have to pay for tertiary education. And obviously you had to reconsider that extreme position, because initially 1 800 people dropped.

Madam DEPUTY SPEAKER: Honourable Member for St. Michael East.

Hon. D. St.E. KELLMAN: The honourable member misled the House when he said that the Government took a stance that all students must pay for education. And the honourable member knows that is not correct.

Mr. T. A. PRESCOD: Initially, when that decision was made and university students came on the road and the general public was expressing their views, by the time the semester began, 1 800 students dropped out of the university. You do not have to be a scientist to know that there could not be 1 800 students that came from wealthy backgrounds. There were 1 800 students. These are realities. These are irrefutable facts. And then subsequently, this last semester, over 2 000 students dropped out of the university, with a substantial number of them being women. I know, because that is what the university reported. 1 800 in the initial stage and subsequently the university had been reduced to almost close to 50 per cent of what it used to be two semesters ago. And there are classes in the university that sometimes only five students are attending. You have a university now that you have to pay \$6 000 a year for the lowest classes, which are the foundation divisions. And there are students who cannot raise the \$6 000. The university made an arrangement so that those students can pay an average of about \$600 a month. And at the end of the first semester, some of the students could not continue in the second semester because they could not even pay off the first \$6 000. These are realities. I am not indicting any minister. These are realities. And I thought that these would be considered as some of the causes that would have encouraged all of us to discuss the present model and see how we can have something that is so adjusted, so adaptable, that it will be able to accommodate other persons.

So you can understand what we are talking about. This is a university that in its early stages - there are people who enjoyed the benefits of going to university very early in Barbados. You know, they had scholarships, their families had money and everything. But when this was introduced, this was so important, so fundamental to all Barbadians, especially the Democratic Labour Party, that if you are going to change a philosophical direction so radically, it ought to be something that should be discussed within the institution but also with a broad collective body of persons across the country itself. There is a need, and I agree with that point, for great consultation. If you look back at the literature of the time, you will see how Sir Hugh Springer and other persons went across the region

having meetings with people in villages and in communities - not only with the intellectual community, but across the Caribbean. The university was not set up as a parochial institution. And I understood that. I understand from the statement made before that the university itself is a university of the West Indies. And you were taking into consideration where people were at that time in our history. And as I said before, in almost every leading institution in Barbados, in the schools and in the banks, many non-Barbadians were holding those positions. And we felt that if we are a developing society, we had to enlighten the people, to have a university. And we started with a university college and we ended up with the University of the West Indies at Cave Hill.

All that I am suggesting is that as a people we can engage in a serious, sober debate. All right, we are going to find ourselves saying to the people in the university again, we are going to give you \$3 000 for each student at a maximum spend of 3 000 students, and then come back at a later date, make an adjustment on the figures, and then on a later date come back and say \$1 800 per student. And you do not know if all that we are hearing in here, if anybody will actually get \$1 800 or not. And that is because we have to tackle this thing in a very comprehensive way. And that is all I am suggesting to the minister. But when I heard the point being made about all these innovative ideas on how we would address education later, I also heard other ideas as well, because I am part of this party and I heard ideas as well. So when I hear people trying to give you the impression that they had these noble views, these grand views on how they can make readjustments to the system and that they are different to how we are -

Rt. Hon. O. S. ARTHUR: The Barbados Labour Party in the last election put to the people the concept of fiscal incentives for social transformation. That was a fundamental plank of the Barbados Labour Party's programme for the country. If he was missing in action, perhaps he is now coming from under a rock. But that was - this is not something I am inventing. May I also make the point, Madam Deputy Speaker - stop being afraid. The Barbados Labour Party came to office in 1994 with people getting grants for uniforms. And we said that there was no need for this and we changed that. Stop being afraid of the people.

Madam DEPUTY SPEAKER: Honourable Member.

Mr. T. A. PRESCOD: Madam Chair. Madam Chair. There are a number of persons - Deputy Speaker - we have always had strange people among our kind. I am not going to refer to anybody specifically here, but I reflect on characters as far as the United States of America and major debates in the United States of America where people felt that our people should only be taught skills. And they became fairly prominent people in the history of the black

world, in the US, in the Western world. People like Du Bois, people like Booker T. Washington, who felt that it was best to teach us skills. And you had others who felt it was best to teach us academics. There is an old group - sometimes they rise to ascendancy - and nobody believes that you ought to put a stop to some of the nonsense that you hear coming from them. Because all of us, we want to hold some form of respect for persons who made a meaningful contribution. But they must not be allowed to distort the records of history. They must not be allowed to do that now. They must not make people believe that all of a sudden they are purged of all sins. And if we are going to have a wholesome debate on an important social issue, then when people see that latent aspect of ill intent creeping into the debates, then these things must be exposed early. Because sooner or later, younger people in this society might find themselves being influenced by these distortions that they are hearing and witnessing.

Madam Chair, I want to encourage the minister - do not see anything that is being said about the educational policy as an attack. I really believe that the minister is genuine in his efforts. But he is in a difficult period of economic transition. Madam Chair, I am suggesting that at some later date - I do not know if it would come up in the Estimates - but I am hoping that during the Estimates, if the possibility at the time emerges, that we will have an opportunity to discuss education at any great length, that we will be able to at least explore some of the concerns that I have put on the table, along with some of the concerns that were expressed by other members of this honourable chamber. Thanks for allowing me to make this contribution for the short space of time which I have had.

SUSPENSION

Hon. J. D. E. BOYCE: I beg to move that the House be suspended for 20 minutes, until 20 minutes after 6 this afternoon.

The question that the House be suspended until 6.20 p.m. was put and resolved in the affirmative without division and Madam DEPUTY SPEAKER suspended the House accordingly.

RESUMPTION

Mr. SPEAKER: Honourable Members, the sitting of the House is resumed. When the suspension was taken, what was the Order we were on - Order Six. With that we shall continue. Order Seven. Fine, good. Order Seven. Yes. You are the Member for St. George North.

Mr. G. A. CLARKE: Mr. Speaker, you haven't seen me for such a long time. You're missing St. George North.

Mr. SPEAKER: As the Member said, it's perhaps the same thing.

Mr. G. A. CLARKE: Mr. Speaker, I rise to speak briefly on this important Head. Education, Mr. Speaker, is and has always been accessible to the wider Barbadian society. And you know, historically, we always saw ourselves as the leaders within the Caribbean as far as education is concerned. I came through a system that had benefited from primary, secondary, compulsory education. And I have also seen in my time a mix of private education being funded by the hard work of many people. I have also seen, Mr. Speaker, a system in which in the early 60s, education was to be made free for all. Now we have lived, I believe, over 50 years since the introduction of free education. And we have seen over the time a population that has benefited from the free education as we know it today.

And I must say that I treat education as how we treat a system where there is compulsory consideration - as with the death penalty - that it is a system in which we must use our discretion. We must use, Mr. Speaker, what it is that we want from this exercise. There are people with various views, and that is why I say that there are people with various views as to the death penalty. There are people with views as far as education is concerned. I have always felt - I have never been one to be afraid to speak my mind as far as education is concerned. I once told the Cabinet that I had the honour to be part of that education, in my view, was discretionary and that there has been a lot of discrimination in education over time. That was my view, and the reason why I said this is because there are late developers in our system. I said so because the system does not cater to disability. It does not cater to developers in our system that have benefited and that have made an impact on our society. And therefore the time has come for us to look at how it is we as a society are going forward to pay for education.

And we have, Mr. Speaker, to bring a debate between both political parties - a sensible debate as to where we are going with education in this new century. Do we go back to a system where in the 1930s there was absolute poverty in the Caribbean? We have moved away. We have seen the GDP of Barbados and most Caribbean islands have now gone to over US\$12 000. We have seen a situation where the middle class has expanded. We have seen that there is really a distribution of income that is more fair than it was 50 years ago, so that the population itself has become more educated. We have seen that, from Jamaica in the north right to Barbados in the south, we have a population of more than, I believe, 10 million people. And out of this 10 million people within the Caribbean islands, I would think the majority of people have access to compulsory education at primary and secondary levels. And of course, most islands today have

the teacher training college, they have police training colleges, they have the community colleges, so that there is free tertiary education to a certain extent, because the community colleges and the polytechnics are also part and parcel of the tertiary education regime. And we subscribe to this. It is at the university level that we have to deal with, and we have to deal with it in a sensible approach.

It is the view of most of our political parties that we must have free access to education. It is believed that we must have these things. But the question is how many people benefit from tertiary education? What level of population? And I must say, Mr. Speaker, that less than 10 per cent - less than 10 per cent - of those persons who finish secondary education benefit or actually go into the University of the West Indies. Less than 10 per cent. In fact, Mr. Speaker, I dare say - because I would hope that the Minister of Education, next week when it comes to do this debate, will tell us - how many persons usually have four or five CXC's? How many students acquire four or above four CXC's? How many students? You have 4 000 students going in every year, approximately 4 000. Out of that 4 000 students, how many of those 4 000 students usually acquire four CXC's or above? And that will tell us how many students actually go into university. And I am saying, Mr. Speaker, that we have to look carefully at tertiary education because it is the belief of some of the population that we have to put a position in place to educate that 10 per cent - those persons that go into tertiary education.

If we say that the state must pay - because I have said before that there is no such thing as a free education regime, and the reason for this being that somebody must pay for it - the state, Mr. Speaker, pays for the education of a society. The state educates those persons that are deserving of moving on beyond the secondary level. The question is, do we continue the same path as we were in 1960? That is where we are today. Do we continue to say that we will allow persons to do three and four degrees because the Ministry of Education has been encouraging people and paying for them to do master's degrees, doctorate degrees, when the state cannot afford it? We have to look at these things. We have to look at bursaries, we have to look at exhibitions. We have to look at all of these things. And I believe that we have to say that education must be accessible to all. But what do we mean by accessibility? Education must be accessible to all, regardless of however you look at it. Do I pay for it? Do I ask the state to pay for it? What is it that I do? And this is important for our debate at this juncture.

There are cases - I remember in the late 70s when Tom Adams was the Prime Minister - when certain disciplines were preferred over others, so that people did not get leave to do any subject. You had to prioritise, so that in one year you might have 10 persons doing

economics. Then you say, well, I want to concentrate on providing education in a certain discipline. So we have to look at these things and say how we pay for them. Now, today in our country we have problems with money. We do not have unlimited revenue. So we have to be prepared, and I think the Government must be prepared at this juncture to come out and tell the population we have a problem. Is it temporary? Is it structural? Will it continue forever? We have to have this debate, and I am glad that the Minister has said that next week we will have a debate on education. I do not want - and I think the Minister must share the brief with all of us. Share the brief. Let us know what is happening, because there is no such thing as hiding from us. How many? I want to know. How many passes do you have? What are you looking for in the whole system? I want to know, and we can only speak with a level of certainty if we have the briefs. I do not have to come over there to know what is happening, because I am told you need to tell us things about the school system that we need to know - because there is a cost for the books, there is a cost for the technology that you are going to today.

Now, I want to say that this debate really is - I think we are in a mindset and we are interfering with our social structure at this stage. We cannot believe, and I do not want a government to tell a population that only citizens must benefit from certain things. I do not believe that. We are one Caribbean. So we need to look at that. Do you really believe that it is only citizens that work here? Do you believe that it is only citizens that go to school? There are many non-citizens that go to school. There are people here from the Caribbean islands that do not have any documentation, but they are going to school. How do you treat these people? How do you speak to these people? Is it true that other Caribbean islands are following the same approach - that only citizens of that Caribbean island can benefit? I believe that once you live here, there must be some form of social entitlement. Entitlement is very important. If persons pay their taxes, if persons pay income tax, National Insurance and so on, then we have to give them some form of entitlement.

Now, this whole notion of scholarships and bursaries and so on - I believe that this could really have been an administrative approach. I do not believe that we had to amend the Education Act in order to provide for the class of people that you want. I think it could have been an administrative approach. But once you change it, you are going down the road of saying only certain people - only citizens - can benefit. And we do not want to have a situation where only citizens can benefit from the health service, only citizens can benefit from certain things. I think the Caribbean islands need to come to grips with this. Once you are from the Caribbean islands, you should have certain accessibility to certain things. And we need to look at that very carefully.

Mr. Speaker, when we look at what is happening in our society, we can only say that the future is here for all of us. But we have to take it and run with it. We have to look and plan carefully for what will happen down the road in the next 10 to 15 years. We have to plan, Mr. Speaker, for our people and we have to keep our people in our confidence. The time has come for us to look at where we are going as far as the budget is concerned. We know the Ministry of Education and the Ministry of Health - especially those two important ministries - do not have funds to do everything for everyone. But there lies the problem. You need to prioritise, Mr. Speaker, where we are going. You need to say that we can only spend so much money in primary education, we can only spend so much money in secondary education, and of course in tertiary education. But the people must know. You must look at the levels that we have come to. You must deal with this situation. I believe, Mr. Speaker, the time has come for us to deal with these matters in a holistic manner. We cannot be ad hoc at this stage. We need to tell the people, we need to become more transparent in dealing with the educational and health matters in this country.

We have seen the problems that have arisen over the past four or five years as it relates to the economy. And I believe that if you discuss these matters in a sensible approach, the population will be willing to understand where we are going. We have to come together as a party, as a government, as a people, as a Parliament, in order to put our programme together so that all will benefit. I believe the time has come, Mr. Speaker, that we have to do what we have to do. We have to do it in a manner which will cause the population of this country not to suffer. There are too many problems in terms of suffering at certain levels. And if we prioritise, Mr. Speaker, those persons at the bottom will benefit. But there are certain people in this society that can afford to pay. There are certain people that can afford to pay for certain tertiary education. What are we doing about this?

I believe those persons at the bottom, those persons who cannot afford to pay - although I must say that when you look at affordability, you have a problem. It is the programme and the policies of the Labour Party when we were in government - the last government - to pay for tertiary education, because a system was going to be put in place to help those persons. It is the policy of the Barbados Labour Party, when we come to government, that tertiary education should be paid for all those persons who are willing to go to university. But of course, we have to be able to put a programme in place in order to find that money. So therefore, there must be prioritisation. You must prioritise and you must make choices. You must look at how you choose. I believe, Mr. Speaker, that those persons - that 10 per cent that we talk about, that 10 per cent of those persons that go into university, which may be 3 or 4 000 persons a year - we have to find the money. But how

we find the money is important. We have to be able to make choices. Now, what do you cut? What do you leave out? What do you improve on? We have to do it now.

It is a fact that we have looked at all types of mechanisms - the Income Tax Act, how you make people pay for their education. We may look at other things as well, but of course it has to be debated, it has to be discussed, and we have to be able to sensibly discuss these matters not only as a party but as a people. We have to use the approach that is done in countries like Sweden and countries like Canada, where a number of town hall meetings are held, where people are allowed to vote on the type of system that they want. We need to do it. And at these sessions, people determine what it is that they want. In a society where you have referenda on these matters, people decide - look, we are going to cut back on certain social programmes in order to get others - but we have to do it, and we must not be scared at this juncture going forward to tell people: this is where we are today. We do not have the revenue, but we will find the revenue to do other things. We have to do it.

So therefore, Mr. Speaker, I believe that this debate will continue and we have to continue it. I do not believe that we must cut out those persons who are not citizens. Only a couple of weeks ago, someone came to me and said they were refused help at the Polyclinic. No, this is not fair. This is not fair and we have to address it. I do not think the Government intends for this to happen. And we do not want to hear that persons who have made a contribution in Barbados - who are not citizens, persons who have made financial contributions, who have made contributions not necessarily financially but have become good citizens - must not benefit. And those persons who are not documented, who are here 20 years - we have had people living in this country who have been here more than 20 years but refuse to go to the Immigration Department to get documented. What do we do with these people? We have to be able to help them, because after all, they live here. And sometimes they may have to go to the health facilities. And if you do not give them the necessary treatment, what do you do? So you have to be able to use, Mr. Speaker, your knowledge of what is happening in order to save people sometimes from themselves.

Finally, Mr. Speaker, if it is the wish of this Government to go forward in this way, I think they must rethink this whole idea. I think so. I believe that next week is the time for us to look at this debate. I do not think it should be completed today because there are many of us that want to speak on this. I think the Government needs to look carefully at this Act again and to come in another way. Mr. Speaker, I am obliged to you.

Mr. SPEAKER: Yes. The honourable member for St. Philip South. So thank you.

Hon. A. D. BRATHWAITE: Mr. Speaker, I just - I'm entering this debate to just touch on a few points. Indeed, as I look to my right, I can speak on the first issue, which is the whole issue of CSME, the built-in agenda and why it has not moved forward. Because yes, I understand the member for St. Peter wants to leave a legacy in the region and he has been consistent in his voice over the last couple of years that indeed we need to do more to move on the CARICOM agenda, in particular freedom of movement. But over the last couple of years, and I want the records to reflect and I want to say this indeed for the public of Barbados, that Barbados has not been a reason why many of these items have not been agreed. And in particular the issue of contingent rights has been a thorny issue across the region. Indeed, the OECS has moved closer and in fact, in terms of the CARICOM members, has taken upon themselves to say, well, look, we cannot get agreement across CARICOM, but let us move ahead as an OECS region and take our integration movement further. So of course you can move from St. Vincent to St. Lucia, etc. You don't need a passport, et cetera. But the issue of contingent rights, which simply says that if you are a national of one country

living in another country, that in fact all the benefits in the country that you're living in, that you should automatically be entitled to. And whereas at a political level I may take a position that we need indeed to move closer together as a region - because indeed Barbados cannot, in this new globalised economy, Barbados cannot move forward on its own and we need 6 000, obviously stronger than 290 000, et cetera - so let's agree on that. But the freedom framework is what has been bedevilling us over the last couple of years. And it's unfortunate that it came along also at a time, in terms of moving the agenda forward, at a time when post-2007 many of us have had serious economic challenges and we have therefore looked inward. Not just Barbados. Indeed, if you may recall, sir, when the present Prime Minister of Trinidad came to office, one of the first things the Hon. Prime Minister said is that Trinidad would not be the ATM of the Caribbean anymore, et cetera. That's one of the first statements that was made by the present Prime Minister of Trinidad. The point I'm making is that I want to say to the member for St. Peter that whilst I understand his zeal, the zealotry with which he has been approaching the issue of free movement, and I understand his requirement or his wish to leave that legacy, that indeed it is not being - and is not being - Barbados' non-negotiation of this particular issue in terms of contingent rights that we have not been able to agree. Not just because of Barbados; it has not been a Barbados issue only. We appreciate that, et cetera. And I've said on more than one occasion that I believe that one of the flaws in terms of the free movement that we have had is that we have been trying to do what Europe took hundreds of years to do. We've been trying to do it in 50 or 60 years. And at a time when many of us are struggling, many of us did not

have enough - or still don't have enough - in terms of spaces for education, don't have enough spaces in terms of housing, don't have enough capacity in terms of health care. I believe, and I honestly believe, that the leaders at the time had an ideal, but the reason why they ended up with the built-in agenda is because the thorny issues, the issues that would actually functionalise the free movement, they could not agree on. And that's why we are where we are as a region at this point in time.

I want to also say, however, if you permit me, that it does concern me that CARICOM as a region seems to be at a standstill and a few of us in terms of countries - and I dare say that Barbados in particular has to take the lead in terms of moving forward several of these issues. So the whole issue of free movement, the whole issue of agreeing a trade framework, a security framework, a financial services framework - all these issues that we seem not to be able to agree on - that in fact we can agree on with some haste and effort.

The second point I want to touch on is the whole issue of the cost of education. Now it seems to me as if there is some uncertainty as to what was agreed on the other side several years ago. We heard the member for St. Peter say that indeed many years ago, as Prime Minister of this country, he contemplated that there would have been a point in time in our history that in fact we would have to pay for tertiary education. And I have no reason not to believe the honourable member. I've always associated him with great foresight. The reality is that as a country there is no way that Barbados - and I've said this before and I just want to repeat it again - there is no way that Barbados could continue to provide the level of social services it has been providing in the past for free. There had to be a point in time where we had to look and say: can we continue giving free houses at \$90 000 a plot? Can we continue providing free education from cradle to grave? Can we continue to provide free health care from cradle to grave, et cetera. Now, if first world countries have been unable to sustain this dream, why do we believe that Barbados with its limited resources could have been able for time immemorial to provide all these services that we have been providing? The reality is, sir - and I believe that I'm right in saying - that many of our leaders contemplated that it was not possible, that we needed to look, and remember the member for St. George North is right when he said that we need to look at our resources, we need to look at how we allocate them, we need to look at our priorities and spend our money there.

So if perchance at this point in time of our life it comes to a point - and I said this before - I said that indeed as someone who came through this country and accessed primary, secondary and tertiary education for free, it was unreasonable for me to expect that my children should also receive the same. I should have a responsibility to

contribute to the tertiary education of my children, whether through a fund or otherwise. Those of us who benefited - it just is unrealistic to expect it to continue. And we have taken the decision. We took the decision some time ago and yes, we got licks about it, etc. But you know what? I really don't hear much debate about this issue in public because I think Barbados as a whole has accepted that the right decision has been made. And even in making the decision, we said that we will try to find a way where the less vulnerable - where we will still be able to provide for them. We have that responsibility through housing, whether it be through education, whether through health care, that there will always be in this society a set of individuals for whom the state will have to make provision. There's no doubt about that. And I believe on both sides that we can accept that there will be that section of our populace that we need to provide a safety net for.

With respect to this particular bill, however, this was not driven - this policy wasn't driven, contrary to what the member for St. James North said - by considerations of fiscal issues. Full stop. Every year we sit down, we look at a number of scholarships, a number of exhibitions, et cetera, and we continually see names that sound familiar, etc. And you ask yourself, when you spend \$400 000 on this individual, is this an investment in Barbados? That's the question you ask. You know, you spend sometimes up to \$400 000 on an individual who has no nexus to Barbados and who has no plans of coming back to Barbados. And I do not believe that the drafters of our Education Act considered or intended that we would be spending millions of dollars a year on educating people who will not be coming back to our country. I do not believe that was what was contemplated.

In any event, I do not apologise for being one who championed this amendment to our Education Act. I do not apologise for being one who said to the minister that you have my full support if we decide that scholarships and exhibitions should be for citizens of Barbados only. I will not apologise for that position because at the end of the day, my biggest consideration was: when we spend this money, will Barbados benefit? And yes, I hear the member for St. Peter about individuals who contribute to the economy should have all of the rights, et cetera. We will cross that bridge at some point in time, but this is not the point in time. We will cross that bridge when contingent rights are agreed across the region. When his - meaning the member for St. George North - when his sons can leave here and go to St. Vincent or go wherever and have the same privileges as when he is here working. That's the reality. That point in time will come. So the minister need not apologise for bringing this bill. It has her strongest support.

The whole issue, sir, of the number of Barbadians who have not enrolled in university this year, who dropped

out of university, et cetera - the minister dealt with that on more than one occasion. She looked at the experience that happened, I believe, in Jamaica. We looked at the Jamaican experience and we are confident that there will be a levelling out. And then again, as individuals make plans for their education, there will be a growth.

And for the record, in 1986 - when I finished CAPE, or is it '85, whatever year it was, '85 I believe - I was going to work. And the late David Thompson told me, no, come and go to university, because he was told by the then member of Parliament for the City that come next year the Barbados Labour Party government would not be paying for individuals to go to law school, because there were enough lawyers in Barbados at the time. And David told me - the late member for St. John told me - come and go now while you are able to access the student involvement loan, because he was told that the Barbados Labour Party had planned not to spend any more money on legal education. And that's how I ended up in Trinidad. So don't walk around pretending that you've always had a policy where you're going to spend all the money in the world on education. Don't walk around pretending. But we do know, based on what we heard this afternoon from the member for St. Michael East, that not all of you were paying attention at the time, that some of you were under a rock and not listening and paying attention. But I can tell you that is true.

So I just want to make those couple of points and to say to the minister: you need not be afraid of your education policy. There are some things that we need to do. Obviously, if you listen to the member for St. Thomas, you recognise that not all of our money in education is well spent, but there are some things that we need to do and we will discuss this next week. Because we need to look at how much money we are spending in our secondary system. We need to look to see if we need to tweak anything in the secondary system. We need to look at why we are seeing so many very young people who are coming out of secondary school without qualifications, et cetera. So there are some issues that we need to address. And obviously, where we need to establish specialist institutions, we also need to do that.

When I have a chance next week to speak on this matter further, I would spend some time on what we are seeing on the criminal justice side and how I am concerned about some deficiencies within the educational system that are leading more of our young people to the criminal justice side. I will spend some time on that, but today is not the time. I just want to signal my support for this bill. I thank you, sir.

Mr. SPEAKER: Yes, the member for St. James South.

Hon. D. O'N. INNIS: Very brief on this. I rise, of course, to give full support to the matter before here. I know that in listening to the debate, it really seemed to have drifted quite a bit away from the original matter, which is the issue of the government determining that in terms of national scholarships, such an issue by the Ministry of Education and Resources that hereafter says scholarships will only be granted to those who are citizens of Barbados. And the debate, of course, have drifted off into contingent right and other issues. But the simple matter, Mr. Speaker, is that it is not a matter of addressing a fiscal concern about a fiscal position, addressing the issue of the state's financial issues, but it really is bringing clarity or bringing into being a policy that says only citizens of Barbados are to be provided with scholarships from the government of Barbados. And I see nothing absolutely wrong with that at all.

You know, and we as politicians need to stop this thing of giving people a lot of false hope and promises about they will get this because you are living here and because you're paying taxes. Mr. Speaker, I've heard talking here today about, including from your member of St. Peter about people who live here and pay their taxes should get free education and free health care and such like. The simple reality about it is, first, nothing is free. Secondly, the state collects in taxes and other revenues about \$2.5 billion per year, but we expend over \$4 billion. And we really need to stop this, stop talking about you pay taxes, so therefore you get everything free. I pay quite a bit of money in taxes when the month comes, but what I pay in taxes cannot take care, cannot recover the cost. If I have a heart attack tomorrow, I have to go in hospital. It cannot recover the costs for the roads that I travel on. You know, we need to stop telling people that, oh, you pay taxes and therefore you're entitled to free health care and free education. It is a joke. It is not true. The state collects just over about \$2.5 billion per year from all taxpayers and other sources of revenue, and we spend in excess of \$4 billion. Do the math. You know, where's the other \$1.5 billion coming from? You know, and that did not include the amortisation, debt service and other things.

So, yes, the state obviously will make adjustments from time to time. But this issue that we're dealing with today, quite frankly, is one that we should have dealt with 10, 15, 20 years ago, even in times of plenty. For me, it's a matter of principle. Why should I pay approximately \$60 000 per year for three or four years to send someone overseas to study and get a degree, and when they graduate, they have to apply for a work permit to come back in Barbados and work? Most of them don't come back, anyhow. An individual who is not a citizen of Barbados under the current regime and obtains a scholarship through their success at CAPE is paid for in full, regardless of whichever university they go to. The full scholarship, the exhibition - of course, the UE equivalent - they go abroad.

Invariably, most of them do. When they graduate, they're not a citizen, they're not a permanent resident. There's no entitlement to live and work in Barbados. But people are spending the money sending them to university. And then when they graduate - I mean, it may not be a regular occurrence - when they graduate, you run the risk of saying to them, we have spent \$40 million sending you to university on a scholarship, but in order to come back into Barbados and work, you have to go to the immigration department, apply for a work permit. Well, Barbadians don't come back, of course, is a separate issue.

Mr. Speaker, we need to stop making those who are visitors or long-term residents, but not citizens or permanent residents, think that they have an entitlement to all these things in this country. But not just them alone - even to our own people in Barbados. Because I hear this so often: I pay my taxes, so therefore the roads I drive on must be extremely smooth; whenever I call the police, they must respond in five minutes; if there's an issue and they need an ambulance, they must get there in two minutes; all of my children must get education from the cradle to the grave. And then in reality, none of us really sit back and say, well, how much do we pay in taxes? What is the cost of the services that the state is providing? You know, and I think when you step back and look at these things, you realise, you ask yourself sometimes, how is it that over the years we've been managing to do so much? And I tell you, part of it is because we've had to borrow. And I agree with the Honourable Member for St. Peter, where he says that the time is right now for that conversation about the way forward in terms of the provision of social services in Barbados. It cannot be business as usual.

So why is this issue today? It's not about addressing the fiscal deficit or whatever, but more about correcting what to my mind is a wrong, by saying it doesn't have a lot of implications either. You're not dealing with a lot of people who are not citizens of Barbados and get these scholarships. So it's a principle. It's a principle that says that individuals who are not citizens of Barbados should not be provided state scholarships. I have lived in other countries and whichever country I've lived in, when I was a student I've had to pay taxes. And I have not been entitled to all these things that people talk about.

And let me talk about this matter of contingent right, as agreed by the Attorney General. We politicians say some things and make a lot of commitments that bear no general reality. We sit here in Barbados and say we support contingent rights. I have nothing wrong, nothing in principle against it. But the reality about it is that we look through the lens of what we offer in Barbados and say to those who come into Barbados legitimately and illegitimately that you ought to be entitled to whatever a Barbadian gets in Barbados. Now, if I go to Jamaica or Guyana tomorrow to live and work, I have to pay taxes as

well in Jamaica or Guyana. But you know what? I have to pay for my children's education in those countries as well. And if I fall ill, I have to pay through all of my nostrils or whatever to get decent health care. There's no level playing field and we need to disabuse our minds that these things are so easy to achieve and they work well. And everybody who gets off an aircraft at Grantley Adams Airport or coming through a port of entry in St. Peter or St. Lucy, should get all of these things. The state has never been able to afford it and looking forward, will never be able to afford it either.

But as I said, it's not applicable only to those who visit and are here for an extended period of time, but also is applicable to Barbadians. Mr. Speaker, let us quietly reflect on the fact that when we say to people, you pay your taxes and therefore you get all of these social services from the cradle to the grave - that is a myth and not a reality. Nothing is free and the harsh realities are these: the numbers indicate \$2.5 billion in revenue collected, just over \$4.2 billion in expenditure per year from the state. And what we have to do, though, is to continue to work on the appropriate reforms in our education system to ensure that our people, or those who come through the system, benefit tremendously and are able to make meaningful contributions to the wider society. You know, we have been able to build up institutions that have served people in this island well and other islands who've come here occasionally and taken advantage of it.

You know, I also hear another point that we talk about these scholarship things. I don't think that those who talk about these matters appreciate the fact that non-nationals in our school system also are occasionally required to pay for their education. And I hear the Barbados Labour Party talk about health care too, in terms of extrapolating to health care and freeness. It is the Barbados Labour Party who enshrined in law that health care is free only to citizens and permanent residents. I've taken a lot of licks for it as former Minister of Health. But it's the Barbados Labour Party who enshrined in law, in the QEH Act, the policy that if you are not a permanent resident or citizen of Barbados, you're not entitled to free health care. And they're the same ones that want to come in here today, now that they're in opposition, and say that as long as you live here you should get all these things free. Nothing is free. Nothing is free.

You know, and sometimes as you listen to the Honourable Member for St. Thomas and others, sometimes you figure that there should not be that freeness. And sometimes education is not being well utilised. But the reality about it is that as a nation we have come to that juncture. We have to have this conversation. Mr. Speaker, I look forward to the Estimates Debate next week and particularly the issue of education, when a lot more will have to be said about the government's education

programme, the appropriate policies to bring reforms that will lead to it being a very sustainable activity in this society. Today is not the day - that's going to happen next week.

But in closing, Mr. Speaker, I wish to reiterate my position, which is I support the bill that only citizens of Barbados - whether you attain that citizenship by birth, by descent or whatever other means, as long as you're a citizen of Barbados, because not only those who are born here - you are the only ones who should be entitled to a scholarship from the government of Barbados. I'm obliged to you.

SUSPENSION

Mr. SPEAKER: Yes, Minister Boyce.

Hon. J. D. E. BOYCE: Speaker, Sir, I beg to move that the House be now suspended for dinner until a quarter past eight this evening.

AN HON. MEMBER: I beg to second that, Sir.

The question that the House be suspended until 8.15 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

RESUMPTION

Mr. SPEAKER: When the suspension was taken, we were on Order Number 16? 17? Fine. With that we shall continue. Yes, Honourable Member.

Hon. R. D. JONES: As I bring this matter to a conclusion, just a few simple clarifications. I know that it is always the desire of the Member for St. James North to come with a wash pan into which he places everything and jumps about. This is the usual speech all over the place. But he made some accusations which I would wish to clarify as I move through.

The first has to do with the Learning Centre in St. James. The Government of Barbados, through the Ministry of Education, provides some \$400 000 to that institution as a grant to assist it in its delivery of education to the students there, as well as we provide bursaries to the individual students of that school. It is not correct to state that no funds were disbursed to the school. Even though he was particular in his mention of the bursaries, he did not mention the grant which is provided not only to that school but to the Challenger School of over \$1 million, and I believe to another special needs institution in the country as well.

So that is given. And in our quest beyond government special needs schools, we have also committed to the provision of \$1.7 million - or more precisely \$1.5 million - to support the new school at Lears in St. Michael, the Derek Smith Secondary School and Prevocational Centre, which will cater to the older age population of special needs children in Barbados. So we are continuing the support for special needs children in Barbados.

And yes, he quoted correctly from the Naeus Report. And that is why we are aggressively bringing those children into the light and providing them not only with competency but also with skills. That is why we have the prevocational centre which is called the Anne Hill School and Prevocational Centre. And also now at Lears, anyone can drive across there and see that outstanding educational edifice, albeit sponsored by the Tanglewood Trust in association with the Sandy Lane Trust - an outstanding structure to be used by those children.

The other issue relates to the decline in numbers at UWI. I am just again going to be brief. The statistics are here. The decline occurred right across both Barbados and all of the countries of the OECS who also attend schools in Barbados. So the decline was not a unique decline in Barbados alone. The statistics would show that there was an 8.3 per cent decline in overseas students at the undergraduate level, and a 32.3 per cent decline at the graduate level for 2014-2015. The Barbados experience: in 2013-14 you had 6 165 undergraduate students; in 2014 you had 4 628 - a decline of 24 per cent in that number. And there was also a decline at the graduate level. These are facts; they cannot be necessarily diluted. They are there before all of us.

But that was not spread evenly across all the faculties. You will find that at level one, or year one, level two and three, there was a decline in the humanities of about 350 students - 644 to some 300 students, to 949. Law: a very, very minimal decline of just less than 20 students - 612 to 634 students in law. Medical sciences: 302 students to 321 students - again, a very, very minimal decline in medicine. So the professions have in fact maintained their numbers. Science and technology: not a major decline as well - from 1 072 to 990, just over 155 sourced students in science and technology. In fact, we want that number to even grow going forward because of the emphasis being placed on science, technology and innovation.

And these are not figures that were conjured up on a Ouija board or pulled out of the sky. These were statistics provided by the University of the West Indies. I receive them every single semester and every single year. The figures declined by 22.2 per cent overall at the undergraduate level. The decline was felt more not in the second or third year, but in the first year - that is where it

was felt. In other words, incoming students most likely opted for a different pursuit or chose to postpone their studies for a period. And there is also the experience of some part-time students who took the decision to take a leave of absence for at least a year.

All of this is provided. One knew that there would have been some impact. It is nothing to run home to mommy with and cry beside her skirts or anything of that ilk. These are the realities, and these realities would be straightened out as we go forward. And I am not going to get into this constant badgering. There was a lot of it over the last year, but more particularly over the last six months. I know that we are engaged in sometimes serious contestation in our politics. And I believe that the Honourable Member for St. James North practises it well. This is the only praise that I am ever going to give him in my life. He practises the politics of contestation very well. He is able to go into the deeper recesses of darkness and emerge with something to throw at you. Most of the time he is comfortable, Sir, in that particular arena. And I would not quarrel about that. It is just the sharing of facts.

If we had the Freedom of Information, he can come and ask for these statistics. Even without the Freedom of Information, he has always tried in the past to scurry around to dig up other statistics. Please - scurry and scavenge around to emerge with other facts. But let me say I appreciated very strongly the speech of the Honourable Member for St. Peter. It appears as though you have to be an independent member. Even though you have always expressed an independent thought, being an independent member gives you the flexibility to address several of the important issues that now emerge. All of them were important before. But there are many issues emerging not only in Barbados but across the world that we must face head on. We can genuflect. We can - the word is pussyfoot - pussyfoot around them. These things have come. The world is changing. We are going through the changes.

And when we beat upon ourselves as though somehow there is a greater intellect residing in the brain of the Honourable Member for St. James North as opposed to the intellect of the Member for St. George North - I mean, these things must disappear from our discussion and from our debate. I would want, though, to tell the Member for St. George North that Barbados' number of persons in tertiary and higher education is in the region of about 42 per cent - not in fact 10 per cent. 42 per cent. University, BCC, SJPP - tertiary and higher education - it is about 42 per cent.

The next country - in truth, in fact, there are three countries in the Caribbean whose average is next. The next country would be the Bahamas and Bermuda. But Bermuda is a small, small country. It is Barbados, Bahamas, Bermuda. There was a time when St. Lucia was averaging around 25-28 per cent as the fourth country within the

region. There has been some slippage over the last 10 years. Antigua, St. Kitts, Nevis, St. Vincent and the Grenadines, Grenada - many of them are around 10 to 12 per cent. That is why we recognise that there is a serious human resource capacity that we need to build up in the wider OECS region. And in fact they are moving ahead in restructuring many of the community colleges into university colleges directly attached to the University of the West Indies. They are making the changes; they are making the adjustments. But Barbados is not badly off. In the region of about 40 to 42 per cent of the relative cohort going in or having experienced tertiary education is quite significant.

And these statistics again come from legitimate sources. That is still lower, anyhow, than countries in Latin America and South America, where you can have statistics as low as 45 per cent and as high as 68 per cent in most of Latin America and South America. There are some countries nevertheless that would not conform to that particular pattern of distribution. So we link both tertiary and higher education. Once you are able to access training beyond secondary level, that is where the statistics are in fact obtained - any programme above and beyond secondary level.

The other point that should be noted is that Barbados has a very interesting tertiary education study arrangement in that many Barbadians still access tertiary education through BIMAP, online education, as well as what we call distance education. There is that access. So all of that adds up to the total pool of persons considered to have experienced tertiary education. And there are persons who leave Barbados on their own financial means, through the student revolving loan, or through family resources, who go and study across the world. In fact, Barbados, in the English-speaking Caribbean, has the second highest number behind Jamaica of persons studying outside of the domestic space or the wider Caribbean - either at one of the universities in Trinidad or for that matter in Jamaica.

These are the facts. That does not nevertheless say that we should not pay critical attention to the institution in Barbados called the Cave Hill Campus, which only in 2013 was 50 years old and has made an outstanding contribution to the development of Barbados. As I said, because the head will be called for major debate, I am not going to spend an extraordinarily long time dealing with it. We can spend all the time that we need to when the head is called next week, and you will find that there are in fact statistics and facts which have been progressively growing over the last 14 to 20 years. And I make that point because we are still quoting some statistics from around 1994. That kind of scenario has changed - substantially changed.

And in fact it might appear to be an anomaly when there are in some instances some disciplinary issues in our

schools, but that students are in fact performing at a higher level than previously across all of the institutions. And those statistics would have been like this from about 1995, 1996. That is a fact. The statistics are here. Unfortunately, I did not bring enough copies, but I am sure you can get a copy of those. I think I did about 30 copies of each of them, but they are here - statistics showing the whole movement of our students over time in the country. It shows you as well, in selected schools, what we know we have to do with some schools who are in fact underperforming. And we know that we can actually take those up by some interesting statistics that have emerged from some of these schools that you would not have expected. But they have worked out a system of giving people not one bite at a time - where you can do eight and nine subjects - but by allowing them to do their eight or nine subjects over two or three bites, with substantial and significant results, including the school that you used to teach at.

What has to happen, though, is that if you have, let us say, 180 students in a fifth year, you have to determine how many of those move forward in what we call year one - three or four - and how many will go into year two and do three or four, and that kind of thing. So that rather than 58 of the 150, you actually achieve the target of most of those students, over that two or three year period, achieving quite sound results. All of us are not able to put a large breadfruit in our mouth and swallow. Some of us have to take a small bite, but at least can be satisfied. And all of that is being encouraged, and a lot of it is being achieved in our education system. These are the facts. I do not conjure them up out of the sky.

We have also been able to see movement. Students are very strange beings. Some students settle for a grade three, but we have been pushing the numbers - grade three to two, and two to one. And again, you are also seeing that progressive movement. It is not a massive leap, but you are seeing that progressive movement of those students from grade three to two, two to one, and some who were historically getting grade fours moving up to grade three, grade twos and grade ones. So that is happening. We will have a lot more of that next week and I promise you I will share the statistics. They are not mine. They are there. They are freely available if you need them.

Honourable Member for St. James North - stop trying to peep around corners and emerge out of bush. I mean, it is really unbecoming. Just ask a question. The same way I can get them, I know that you know people who will share, but just speak to me. We might not be friends - thank God - but at least ask the Minister a question. If the Honourable Member for St. Michael North East were the Minister, I would have asked her a question in relation to any information - in relation to the figures, figures which I believe she might have even now. So they are all here.

The issue of contingent liability - or contingent rights - has been one that has been bedevilling the Caribbean for a long time. I understand it. We have been able, over time - and I say I am talking about government, not about party - to ensure that at nursery level in our schools, no problems, no fees, nothing. At the primary level, the same thing. We have about 1 200 students or thereabouts in our secondary school system, several of them here on school visas, who are in the system. And the majority of them pay fees as a result of that. You have to satisfy that. But they are in the system. But the fees they pay in our secondary schools are heavily subsidised - because they pay \$280, \$300 a term, \$350. That is what they pay.

And in fact, as Minister, when parents write and say that they or the school might not be able to meet even that \$280 or \$300, and they write to the Minister, the Minister does a minute which says the fees for this child are cancelled. This is what happens. This is the real world. This is what happens every day, every week, every month. Because the particular conviction is that a boy or girl in our school who is out of school - regardless of where you come from in the Caribbean - is a liability to Barbados. If they are not educated, that is the conviction, and that is what happens. Members can tell you this happens. Parents can tell you who have been beneficiaries of that.

What happens once you are able to see that there is a hardship - there is benefit within the system when it comes to this matter now which is here before us, and it has been in the laws, I believe, since 1982. But you are arriving now at a very critical juncture. This is not about saving money, because the numbers in any one year - it would be accumulated - but the numbers in any one year are not 45, not 50. But it is a troubling point that we had to address. So unlike what the Honourable Member for St. James North is saying, it is not about saving money. It is about looking at a picture with some clarity and saying, look, most countries across the world - I cannot go into the United States, not being a citizen, and have every benefit that you can think about. Barbados is not as affluent. We have other virtues, other morals and a whole lot of other things that are different. But it just cannot happen. Why should we believe that as a small, still emerging nation we should lay out the red carpet for everybody in this country?

Yes, we might have to look at a situation where persons who pay taxes and all of that might be able to tweak that system so that there are beneficiaries. But let us understand the point. We do not place restrictions on any of our students who get government scholarships or exhibitions to go only in the Caribbean or only to the United Kingdom or Canada. They can go to any university, any part of the world, and the State carries the tuition fee. Book grant money for housing is not absolute - it is not 100 per cent. Warm weather clothing, as well as the plane fare

out and in after the three years - that is what the scholarship is made up of. The exhibition is calculated at the same rate as if you are doing a programme that costs within the University of the West Indies, let us say, eight or nine thousand dollars, and you study overseas - you get that. That is what the exhibition is. I believe some time ago that should have been adjusted. But I am not going to pretend and bury my head in the sand that current circumstances would allow that to change. So that is the reality that exists at this time.

And that is why, as I said, the legislation is quite unfortunate. I would not want to say unfair, because schoolyard bullies have never impressed me. And they are mostly bullies in crowds by themselves - they are humble and they tend to beg. But that is not an issue or a problem. We have brought the legislation. I believe that it should be supported. There will come a time, as time evolves - because it is a dynamic process - when we might have to relook the entire set of circumstances, the intersection of things that we have to do in education. We know that there are some things that we must protect at all costs. We know that there are some things that we have to support. But at the end of the day - and these are simple truisms - if you put three-quarters of a bucket of water into a large pan, it is still three-quarters of a bucket. But if you keep dipping out and dipping out, eventually you will just have an empty can. So you have to manage the resources in the context of your circumstances. That is what has to happen. And no amount of pontificating at this juncture, no amount of saying that we are going to give back this and take back that, is going to solve the problem.

And therefore I would want - I would get some guidance from colleagues and the Clerk of Parliament - I believe that we should establish, Mr. Speaker, a bipartisan committee to look at the funding particularly of tertiary education. That is my view, because I do not believe that over time we have been able to adequately fund all of our tertiary education institutions. And that stagnates build-out, that stagnates research, which with itself would then generate even more income and resources for the institution. So I hope that the Honourable Member for St. Michael North East would support the establishment of a bipartisan committee to look at the funding of tertiary education. We will see how best we can do that.

That is my view. I think that we should be able to put some things to bed. There are some things you have to put to rest. And therefore I would get some peace when we sensibly look - as representatives of the people, as representatives of the nation - rather than an individual who is not always well informed, or never well informed, going on a bandwagon, screaming for the head of the Minister, screaming for the resignation of the Minister, screaming for the firing of the Minister. I mean, the Minister will be taken care of. This current Minister will be taken care of by the

people in due course, or by the Prime Minister in due course.

But all of this antics and gesticulations and prancing up and getting on into the nakedness and foolishness of politics, those days are over. I know. Mr. Speaker, the honourable member is yet young in the art of politics and might be bent to greater levels of - I was going to say stupidity, but that is not a nice word, is it? Histrionics will do that. Because it impresses, according to what he said to me in 2013, is that it impresses the population of Barbados and his colleagues, not knowing that they are actually laughing at his histrionics. That is what he said to me. And I normally keep secrets, but that was not told to me as a secret. It was not. So I can share it with your colleagues. He thought that he would rise to the leadership of the party and of the opposition at some point in time. Because he also said, Mr. Speaker, that he has money. I do not know where that comes from as a representative of the people, thankfully, that you do so.

Mr. Speaker, I believe that this small amendment is an important amendment. I am thankful for those who have spoken on the issue thus far. But as I said, next week - major, major debate. Not a problem. We will share what information there is. Because this social project, just like health, is important to the viability and the further development of the nation. It does not give me any applause. It is hard work. You can obviously ask the member for St. Michael North East. She used to go home and toil at 10 o'clock after the select five used to meet in the ministry - planning not for the next day, but for the next month. St. Michael North East. You see that group? I know who all those persons were. I have the records. You did not have everybody. You had about eight of them. Many of them now are not in the ministry. All the seniors were there and they were planning and they were working. I said 10 o'clock. I had my records. This is still an open space. That is why the Honourable Member for St. James North believes that he can call in the ministry and try to bamboozle people to give him records and statistics. But most of them turned him down. I am not sure if any in fact supplied him with anything.

Mr. Speaker, 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. R. D. JONES: Mr. Speaker, I beg to move that this House do now 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 and 2 were called and passed.

On the motion of Hon. R. D. JONES, 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. R. D. JONES, the Bill was read a third time, passed and cited as the Education Amendment Act, 2015.

Mr. CLERK: Order Number 19, Sir. In the name of the Honourable Leader of the House, to move that the House resolve itself into committee of supply to consider the grant of sums of money for the service of this island.

ORDER NO. 19

Hon. J. D. E. BOYCE: Mr. Speaker, I beg to move that Your Honour do now leave the chair and the House resolve itself into committee of supply for consideration of 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: Order 19A. The Honourable Leader of the House to move the passing of a resolution to grant the sum of \$3 million from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 2014–2015 as shown in the Supplementary Estimates Number 5, 2014–2015, which form the schedule to the resolution. Head 77 - Ministry of Education, Science, Technology and Innovation - in the amount of \$3 million.

SUPPLEMENTARY ESTIMATES NO. 5 - HEAD 77

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

Hon. R. D. JONES: Mr. Chairman, we are all aware. So I would not spend any time at all on rehashing the issue which have led to the provision of some support for

students at the University of the West Indies, because these bursaries, or tuition support, as is better called, arose out of the need of some students with some help at the University of the West Indies. Of course, the bulk of students come in from Cave Hill because that is where you have the largest concentration of students in the University of the West Indies. This took some time, and I really would love to explain why it took some time to reach this particular stage. But there are several steps involved in arriving at the bursaries. Suffice to say that the figure was not in the original estimates of the Ministry of Education. And under the guidance of the Ministry of Finance, we were told we had to find the funds from within the internal operation of the Ministry. It did take what I might consider an inordinately long time for certain decisions to be taken. And that in itself did cause a high level of aggravation among the student population. Understandably, it also did cause what appeared to be the misguided antics of the Honourable Member for St. James North. Remind me never to eat at his table. Or drink from his glass. Because I thought that at some point in time I was going to be sacrificed on the altar of savagery relative to the honourable member.

I think what is important is that the funds are here to support around 1 600 students or thereabouts at the University of the West Indies. When the call went out for this support, approximately 1 900 students applied. We tried to spread the knowledge as far and as wide as we possibly could because you still have to manage the process. And those 1 900 students applied. There were some 300 odd students who unfortunately filled out the forms in such a manner that you could not glean useful or usable information from. So we could not consider those in the pool. About 300. It was really a high turnover. They just did not put any useful information. I do not know if when they heard about it that they rushed in late and could not give you the information that was necessary. I suspect that those students who used the three weeks adequately were able to supply the information necessary.

Now we worked with the University of the West Indies very closely to ensure that as many of our students were able to continue accessing and studying. I gave you some statistics earlier, so I will not repeat those statistics. They are there before you. They are there for you. But much work was done to facilitate the students and their studies through engaging financial institutions across the board - both banking and non-banking financial institutions such as credit unions. And several of the credit unions came on board to assist where necessary in the provision of funds. But the only restriction would be that your parent or yourself would have to be a member. I know that the Teachers' Credit Union reduced their educational loan percentage to, I believe, 5 per cent for students accessing studies at the University of the West Indies, which is just 1 per cent more than what was being provided by the Student

Revolving Loan Fund. I wish to compliment the Fund for its work, its effort, its showcasing of its products, its adjustment to the lending portfolio in the sense of issues of sureties and guarantors. So we were able to have a significant number of loans being accessed by students who so needed to access those loans. I believe that just under 1 200 loans were provided to students at the University of the West Indies, but the bulk again being at Cave Hill.

Now that is not an expensive loan. It is 4 per cent. You know, in the long past there used to be an interesting method called compound interest which was almost like usury, but it is now simple interest. And those students who, let us say, coming in for the first year had access to \$20 000, slightly over \$20 000 for their three-year period - especially if they were in the faculties of Pure and Applied Science, or as it is called now, Science and Technology, the Faculty of Social Sciences and the Faculty of Humanities. The Law faculty and the Medical faculty would be slightly more expensive. So they had up to \$50 000 without the hindrance of sureties or guarantors being an appendage to them in accessing these particular loans. You also know that you will study for the three years or thereabout, and then you have a year's moratorium before you start to pay back the loan. So between the borrowing of the loan and the period before you start to pay back in a three-year programme - before four years - but there was no restriction if you wanted to start to pay back earlier if your circumstances changed, or if an insurance policy matured and you want to walk in the next day or two days after you graduated and say, thank you very much for assisting me, I got my endowment policy and it has matured, thank you very much. You pay off all and that money will be able to be used for other students accessing the loan.

You know as well that people who borrow - that you borrow for three years - that the second year and third year funds are accrued. In other words, they are not available for lending because in fact you have committed to borrowing a particular amount of money. Monies are transmitted directly to the university on behalf of the particular applicant and all of that is recognised within the system and persons move ahead with their studies. The \$3 million, as I said, is not new money. In other words, this does not add or for that matter subtract from our fiscal circumstances. It is the funds that were already in the Ministry but could not be spent in this financial year because of other circumstances which impact. We have been in consultation with the University of the West Indies. So as soon as this is passed, the university and the students who have benefited would be notified of the funds which would be credited to their accounts at the University of the West Indies. As many of the remaining 1 600 students will be credited directly to the university who will enter into their accounts. Some of the students are full-time students and some are part-time students, but both will benefit equally in relation to the expending of these particular resources.

This is not a financial tsunami. It is looking to provide some assistance. That is what it is about - providing some assistance to those who truly need that assistance. But we have opened several doors for those persons to seek to make a contribution to their own learning. That is what it is about. In fact, I was pleased to note only recently - I was up at the university on Saturday and a young man came over to me and had quite an intelligent way of speaking. I was about to say I had an intelligent conversation, but then the Honourable Member for St. James North might question that. And he said, you know, Minister, there has been a lot of talk. I am in second year law. The interesting thing about it is that he did a first degree, so he is paying for his law degree. And he said, you know, there was a lot of talk across the campus, but as I reflected, I was able to do my first degree totally supported by the state. And I knew I had to find resources if I wanted to do my second degree in law, the LLB. And as I examined it all, I thought that I was extremely fortunate to have been born in a country that not only gave me primary education with milk and biscuits.

I did not know that he would remember milk and biscuits, but he also had a sense of humour. He went to secondary school. He was part of a textbook loan scheme where you just pay, I believe, \$45 a year for books, where one book could cost \$45. But he could have had 15 books or whatever across his subject disciplines. And when he did, say, Harold's book on sociology, it is almost \$300 - they also pay \$45. And if you are doing sociology and you get Harold Lambert's book on sociology, it is \$300. So he, with a conscience, recognised what the people of Barbados, as the resources are channelled through state apparatus, through government, was able to do for him. And I thanked him and I complimented that young man for his recognition.

That does not say, nevertheless, that if all of the circumstances were in fact squared - if all of them were squared, if we had infinite financial resources - we would not have supported every student for the rest of their lives. But these things are not possible. If we had infinite resources, the 78 main roads in St. Lucy and the 300 tenantry roads would have all been fixed. In fact, they would have been so pristine that you could almost literally eat off of them. But there are competing demands, significant competing demands for scarce resources. I do not believe that in education we get all the money that we want. I do not believe so. But we have been able over time to manage those resources in such a way that if there is any fallout, any impact on the system, that it is minimal, that it is marginal.

Barbados spends a significant amount of money on education and other social services. In fact, we only measure the direct contribution of the state in relation to what percentage of that relates to our gross domestic

product. And you realise that Barbados spends about 6 per cent or thereabouts - 5.26 per cent - which equates very well with what is done in many of the other countries across the world, particularly in the countries of the OECD. But you know what they are putting into their measurement as well that we do not do. They put into their measurement all of the contributions that are made by parents or by the students themselves. They wrap all of that in. We only look at what government provides for education. And in fact I am saying to you tonight that if we had to not only look at what government provides, but what is also provided in the form of uniforms, bus fare, shoes, lunch money - if you are in some secondary schools - all of that recreational activity - that could be somewhere in the region of about 8 per cent or maybe even slightly more when you look at the gross domestic product vis-à-vis education for a small nation. That is tremendous, that is substantial. I was surprised when I read that they put all of those things into it. But they emerged at 5.8 per cent, 5.26 per cent in one or two instances, 6.4 per cent of GDP in education. If you had to follow the same corollary, the same statistical framework, Barbados would be a percent or two higher in what, as a country with all of its citizens, we provide to education.

I want to commend to you this small support. I said I know it was long in coming. There were a whole lot of circumstances. But the race is not necessarily for the swift in instances like this - it is still credited to the account - but for those who endure to the end. There was a time when I could have allowed bitterness to engulf my soul. There was that time. There could have been anger. I could have confronted the Honourable Member for St. James North at the OK Corral. But I did not think that was necessary. I wish to thank the members of the party. I wish to thank the Honourable Minister of Finance. I wish to thank the Prime Minister and everybody who supported the initiative through the weary moments of the noises in empty head spaces which were coming from those who were being spurred on again as though they wanted to pick the flesh off my bones. It is not as though I somehow found a second spring, but because of my own consciousness - regardless of how small it is or how big it is - it is still a contribution to their efforts. It is still a contribution to what they are doing and what kind of citizens we want to have in our country.

Those persons who have said to the deans of their faculty, to the heads of departments - look - and many of them by the way were working part-time students, that is the information reaching me - who took the time out to say I am going to take a break for a year or so, reassess my financial circumstances and re-emerge. But I am sincere. Honourable Leader of the Opposition, we have to put this to rest. Let us have the bipartisan committee to look at the whole issue of support for tertiary education. How we are going to go forward as a nation. How unique - because there are people who are looking at us to see what we do.

In fact, in 2011, looking down the road I anticipated that this was going to be an issue, just like in 1995. The Minister of Education of that time, when the whole notion of tuition fees emerged, said study this, get back to me. And that was the Honourable Member for St. Michael North East as Minister. These are the facts. And she set up a committee - I was able to serve on that committee - under the leadership of Dr. Leonard Shorey, who reported. The country was not pleased with the decision ultimately taken by the Minister because the committee recommended something slightly different. I believe they recommended a 50 per cent contribution on the tuition fee, but it was \$6 million. There were 2 026 students in university at the time. University student numbers reached at one time in Barbados 8 000, up to about a year and a half or so ago. But the decision was taken that it would support the \$6 million.

There is a whole lot of dynamics which have taken place over that time but I was making the point that I anticipated that, and Mr. Chairman, I set up a committee which is called the Beckles Committee on Higher Education to look at how we can fund tertiary education going forward. I am going to make this a document of the House because it studied and made recommendations. The Minister did not agree with everything. But it was anticipated. This report was published. I have a whole lot of stuff for next week. I can speak for 10 hours - you know me - a little cocoa and saltfish and I could go for hours. I do not have to eat a lot of caviar and walk about with chest pulled up as though we all did not come across the Atlantic. That is where we all came across. All this highbrow stupidity and falsehood and pretentious behaviour is not part of RDJ. So the Beckles Commission on Higher Education 2012, when the report was submitted, actually looked at funding tertiary education. Because you look down the road, you know that there are going to be impacts, you know that there are going to be dynamic changes the world over. So without much further ado, 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.

Mr. CLERK: Order 19B in the name of the Honourable Minister of Education, Science, Technology and Innovation to move the passing of a resolution to grant the sum of \$1 million from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 2014–2015 as shown in the Supplementary Estimates Number 6 2014–2015 which formed a schedule to the resolution - Head 77, Ministry of Education, Science, Technology and Innovation, in the amount of \$1 million.

SUPPLEMENTARY ESTIMATES NO. 6 - HEAD 77

Hon. R. D. JONES: Mr. Chairman, again this matter should not be a problematic one. Over time we have looked at the acquisition of skills, development of competencies, attitudes, education in a very wide perspective. This fund is needed for the work of the Competency Based Training Fund which is a subset of the Skills for the Future programme which was signed - a loan signed through the Inter-American Development Bank by the Minister of Finance on November 2nd, 2012.

This Skills for the Future programme was to support, one, an employer-driven training system. We know that there is already a training system where funds are provided annually in the Estimates to support employees who are going to have persons being part of their training regime. But we believe that was a fractured programme and it needed some impetus, and therefore the Competency Based Training Programme under the Skills for the Future emerged. As I said, it was a support for an employer-driven training system. It is supposed to improve the quality and relevance of secondary and post-secondary education, particularly in the whole issue of competency-based training. It was also to do some institutional strengthening at higher education institutions. So SJPP, Erdiston, BCC, the Barbados Vocational Training Board - all of those are supposed to be strengthened out of this \$40 million Barbados-IDB loan. And then a small part of it was to ensure that the country becomes aware of what has been done.

You might have been seeing, Mr. Chairman, in your newspapers, persons competing for these funds through a process - what you call submitting training programmes, setting up the target numbers, targets, et cetera. And we were able to provide, up to this point in time, two - what do you call them - two allotments, two tranches, based on this system for this employer-driven training system. I believe that we are about now to go into the third process. In fact, this programme is going extremely well. The call for funds which has brought this to the fore is because of the rapid acceleration. In other words, we are ahead of the programme, we are ahead of the scheme.

And I believe that this has to do with the competence of the various persons who have been there. The initial leadership of a young man, Mr. Chairman, who has now gone on to the Caribbean Development Bank - in fact, a gentleman called Paul Murphy, who led this initial exercise. He is now in the employ of the Caribbean Development Bank. His quality is, of course, to be recognised. We have not lost him to Barbados; we have shared him with the region. But he has been able to guide this process. And those now who are leading the Skills for the Future exercise, but more particularly the Competency Based Training Fund - this is refundable money.

We had initially asked for \$3 million, but we were able again through virement to get \$2 million from the Ministry of Education and the request for \$1 million. Now, because we are ahead of time, to satisfy that \$3 million within the Estimates you will find, as they come to the programme, more money is placed in there to cover the next financial year and therefore further build out and develop the Competency Based Training Programme. So we have Cycle One, Cycle Two - that is the word I was looking for - and we are now at the level of Cycle Three, which was launched at Accra Beach on Tuesday, February 3rd. So persons are now looking to compete.

It is face-to-face training. It is improving the skills, attitudes and competencies of our workers across the board. Several in the tourism sector, several in many of the sectors in Barbados are benefiting from this particular exercise. In the first cycle, \$3.6 million was set aside for the proposals from those persons - seven persons benefited. In the second cycle, 12 proposals totalling \$7.5 million. And in the third cycle, when we would have persons coming from diverse sectors, we will then know what figure would impact on those.

They have held substantial training in the agriculture area - again, attitudes, skills, competencies - the alternative energy sector, construction, creative industry, financial services, health and wellness, hospitality and tourism, information and communication technologies, manufacturing and retail. And so today about 86 per cent - quite a high percentage - who completed the survey, as you do the evaluation of the programme, indicated they intended to use the services and apply to the CBTF as it is called. Attendees remarked that they would have follow-up meetings with the TVET Council - I think an institution that we can be proud of over time because of the work done under the aegis of the Ministry of Labour, the CBTF consultants and all of those.

So I wish, Mr. Chairman - I am elevating your title - to beg Mr. Chairman to move that Head 77 stand part of the question.

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

On the motion of Hon. R. D. JONES, Mr. Chairman reported to His Honour, the SPEAKER, the passing of two Resolutions in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. D. JONES, the two Resolutions were read a first and a second time and agreed to.

Mr. CLERK: Number 20, sir. In the name of the Honourable Minister of Finance and Economic Affairs to

move the passing of a resolution to approve the borrowing by the Government of the sum of US \$67.9 million from Citibank N.A., the proceeds of which will be on-lent to the Barbados Water Authority to finance its Smart Meter Project.

ORDER NO. 20 – RESOLUTION – SPECIAL LOANS ACT,
CAP. 105 – BORROWING OF US\$67.9 MILLION
FROM CITIBANK N.A. FOR THE BARBADOS
WATER AUTHORITY SMART METER PROJECT

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

Hon. C. P. SINCKLER: Yes. Mr. Speaker, sir, permit me to say by way of introduction - introducing this resolution as indicated by the Clerk of the House of Assembly - to permit the Government of Barbados under the Special Loans Act, Cap. 105, to proceed with the borrowing of a sum total of \$67.9 million from the City Bank of New York to finance, by way of on-lending, to the Barbados Water Authority to support the work for its Smart Meter project as part of the work of the Government and the Water Authority itself, particularly to upgrade its systems.

Now, I will go through the term sheet. Of course, the substantive minister responsible for the Authority is here and can add or elaborate on whatever might be said. But just let me say, Mr. Speaker, sir, that this is an important and very critical part of the work of the Authority to really reconstitute - or to correct and restructure - many years of challenges and difficulties which the Authority has faced in relation to its operations.

And as we have known for some time, and as this Government has been trying to address ever since we were returned to office in 2008, the Barbados Water Authority as an entity has had to undergo some fairly severe challenges that have impacted on its capacity not just to deliver at the highest quality and level to the public of Barbados in terms of the delivery of water both to domestic and commercial clients - our customers - but equally as well, to retain a level of sustainability, if not profitability. Even though in the saying we all would like all of these entities to be profitable, we bear in mind particularly that the Water Authority has a twin responsibility: not just to supply clean, potable and usable water for the public at large in Barbados as a social responsibility - a critical social responsibility - but it also has, within the context of its operations, to try its level best to be as efficient, as proficient and indeed, if possible, as profitable as one could expect reasonably within the environment in which we operate.

And a number of factors have impinged over the years going back many, many years, long before this

Government was in office. And in some respects, because of the economic conditions which we have faced in the last six to seven years, compounded those situations, the Authority has had to face a number of challenges. And the House would recall, as Barbadians will as well generally, that on returning to office in 2008, we found a situation where the Authority faced some fairly stiff structural challenges.

Among these, of course, was the fact that the BWA had to contend with a situation where on its operational side, a number of its systems had begun to meet challenges relative to wear and tear, relative to deterioration, and relative to the need for resuscitation and upgrade. And this Government outlined the policy very clearly and very early, particularly led by the then - now late - Prime Minister, Minister of Finance, and of course the then appointed minister responsible for the Authority. I believe it was then under the watch of the Hon. Member for Christ Church East that the Water Authority had to undergo a restructuring process.

And we recall too, sir, that as part of that process, this Government took the wise decision - and I say wise because we got criticised for it, but we know in the end that when one looked at the economics and the financing of the Water Authority, particularly the fact that the Water Authority was not receiving a direct transfer from the Government to support its operations, that the payment for, or the cost recovery for, water sold to the general public, both domestic and commercial, was not at a sustainable rate - and we agreed that water rates would be increased, I believe at the time by an amount of almost 60 per cent at the rate previous to what it was retaining.

And as part of that process, it was agreed that the Authority would move with some degree of alacrity to begin the process of restructuring and reform both of its programmatic and its operational administrative systems. And those processes began in earnest with the Government of Barbados approaching various financial institutions, not least among which was the Inter-American Development Bank and the Caribbean Development Bank at various stages, both for technical assistance or for resources to procure technical assistance, to develop, to study, examine and otherwise analyse the entire operations of the Barbados Water Authority, to expend resources, to have a complete analysis of its operations done by way of a strategic plan - and these were completed - and to move, coming out of the recommendations of those plans, to address these very critical structural issues.

And what were some of these issues? One, of course, the most critical and impacting, was that of the high cost of operations of the Water Authority. One area that was of particular concern to us - a number of areas, but one in particular - was the whole issue of how much water the

Authority was in fact losing in relation to the very aged, worn and in many instances clearly disrupted network of piping across the island. And as we know, and we would hear - and I wouldn't bother to go through, I'm not a technical person - but we knew from the deployment of special technology using the SCADA system and so forth and so on, that we could estimate the Authority was losing up to 60 per cent of its water through leakages. And that matter had to be addressed with some degree of urgency.

And so we approached the institutions, particularly the Inter-American Development Bank, for a \$50 million US loan, which we have now signed under contract, to outlay a programme for mains replacement across the island.

We looked as well, sir, the Authority, at the issue of the cost of its administration, particularly the issue relating to how much the Authority was spending on actually renting space. We found a very uncanny situation where the Authority was so unreasonably dispersed in its operations all over the country - almost, as they would say - and costing a considerable amount of money in rental costs and other costs associated with having to have substantial parts of its operation and establishment in different places. And that matter had to be addressed. And we did so by agreeing that we would procure finances through loan financing to construct a new headquarters for the Water Authority at Wildey, which is now in an advanced stage of completion, to pull the disparate parts of the Authority together, to bring its operational systems basically within ostensibly one space, reduce the cost that it would have to incur to expend to be able to have those disparate operations all over the place. And of course, to increase the level of security in relation to what was going on at the Authority - and that's a different story that other people can speak to more fully in relation to what we found going on at the Authority.

We also had to address the issue, in the last five or six years, of the cost of energy and the impact which that was having on the Authority's ability to be cost effective and indeed to consistently finance its operations. As we all know, we had a spike in fuel prices which ran on for a number of years, to the extent where the Water Authority's cost of energy increased to almost \$30 million a year and had, frankly, a devastating impact on the ability of the Authority to remain basically profitable in the circumstances. And that is an issue which the Authority is now beginning to address by establishing a substantial programme to go into alternative energy supplies to assist the Water Authority sustainably over time to successfully reduce that area of cost.

But one of the areas in particular that was of particular concern to the Government and the management of the Authority, and of course the ministry responsible for

it, was the whole issue of the dysfunctional nature of the meters and the metering system which the Authority had been operating for a number of years. Indeed, sir, it had reached a stage where thousands upon thousands upon thousands of those old meters had become dysfunctional or indeed had stopped working altogether, to the extent where the Authority was literally bleeding money because it was not being able to properly gauge, properly set, and of course successfully retain the resources from the fees which would have been charged for water - simply because the meters weren't working, people weren't paying, it was not a pay-for-usage arrangement. And then, of course, you had to fall back to the standard rate for the payment of water.

I know, Mr. Speaker, sir, because the meter at my own home had been stuck for some considerable period of time. The Authority had tried on many occasions - no, I'm not saying that I didn't pay for the water. I'm going on to say that the Water Authority sent out technicians repeatedly, having to do that repeatedly for a period of time, until of course they had to admit that it became a challenge. Because if you had 10, 15, 20 000 of those cases, you couldn't keep sending crews each time to look at a meter that was dysfunctional. And therefore the Authority had, as a matter of urgency, to address the issue of replacing those meters.

And that is why tonight, after some period of time, we have come to the stage where we are ready to propose to the House of Assembly for the passing of a resolution to allow for the borrowing of resources to address this very critical issue. Because regardless of whatever you do - I assume in the circumstances one would conclude - you can put down all the mains you want, you can construct all the buildings you want, you can hire the most expert staff you want, but if the water that you are selling to people, both domestic and commercial, cannot be properly measured so as to allow for the appropriate rate of charge to be applied, then of course you're going to find yourself in significant difficulties.

So the urgency of this matter brought that the folks at the Water Authority and the Ministry had to move with some degree

of alacrity to be able to get this project up and going. And we had to do so, Mr. Speaker, sir, even before we came for this loan fully by having this project designed. But the interesting thing about what we did, Mr. Speaker, sir, is not just to go on a shopping spree to find meters. We did a complete set of analyses of the types of meters that best suited this particular environment and the network which we had. And of course this took some time to go through the process and we tendered properly on it and we selected teams to source those meters. And what we also did was to go the extra mile. We didn't just stop at getting a

meter. We sought to, Mr. Speaker, sir, get an integrated metering system, which is different because we could have just gone and bought meters and put them on. But this loan and this project is to actually put a state of the art metering system in place that frankly brings the cutting edge advanced technology to the metering of water, the measurement of water and the application of the appropriate rate to the usage which persons are doing.

And that has a number of advantages because, Mr. Speaker, sir, one of the things that is very interesting about this is that it is an online system or will be a complete online system that allows members of the public, users of the system and the authority itself to be able to see real time, on time and online, the usages of water, how much is being used, to have the billing done exactly as you are using it, to allow people to be able to engage with the system, to in fact determine their usages and to monitor those usages over time so as to allow them to conserve better, to increase the more efficient use of water, and to allow the authority to be able to properly gauge, not only in terms of the current usage, but to look at the series over a period of time to determine what the demands are on the water system and how those can be seriously and readily addressed within the structure of water.

So this is not just a purchase of meters process. This is a complete system for water metering in the country and frankly is extremely commendable because what it does is that it allows the government to be able to advance its intervention in the system to the extent where the 60 per cent increase in water rates, which we had done previously, but which we were not receiving the full benefit of, because of the problems that I identified, it allows us now to be able to get the full extent of that benefit. And when once, it doesn't necessarily mean that you have to increase the rate. In fact, by building these efficiencies, by doing the other things which I have said in terms of replacing the mains, we may actually be able to have a reduction in the cost going to the public because the authority begins to get what it really deserves to get from the water. The money coming in can allow the authority to do a lot more things to improve the system, make the authority more viable and profitable, and therefore the pressure to increase the rate on the public is significantly and I think successfully reduced.

So really, Mr. Speaker, sir, I mean, with my own very limited knowledge of these things, and I do apologise to the substantive minister for being long on matters I really don't know too much about. But the truth is that this is a win situation in relation to the Water Authority. But the win gets even better. We have had a debate in this country, Mr. Speaker, sir, over the years, over the last couple of years, and the Leader of the Opposition, who is here with us today, has been making this point, not that it is a novel point, that the government needs to find alternative sources of cheaper financing for doing projects and doing other

things in the country. We know because of the issues that we've had in the economy, the downgrades that we have received from the ratings agencies and other issues, our cost of borrowing have gone up and the environment is not necessarily conducive to getting the best interest rates on loans that you can get.

So the government's remit has been to look for more appropriate and less costly financing, particularly for projects of this type and nature. And this project which we are doing here and the financing which we've been able to secure is a classic example of the type of intervention that agencies, ministries, working with the Ministry of Finance and the government generally and of course with the approval of the Cabinet, can achieve when we do the appropriate shopping around rather than settling for the first offer that comes to the government.

And this loan is an interesting conjunction or collaboration between a number of agencies. Of course, a big player in this is obviously Citibank which is providing the resources upfront in relation to this, but it is how those resources are being guaranteed and how those resources are being underwritten in relation to the financing structure. And that is where the entry of the Canadian Export Development Corporation, the EDC, comes in. Now this might be - it is not novel, it is not new - but it is not something that we've done in Barbados extensively over the years. Perhaps we didn't have to do that, but in circumstances where we need to explore all these options, we can.

So under this arrangement, the Canadian government agency which we were able to approach, of course, with the help of our partners, has agreed to provide an insurance cover for this loan by providing backing that allows for us to procure the resources from Citibank in accordance with their financing model for the suppliers to assist with the securing of the funding for the project to be undertaken successfully. And under that model, in order for the EDC to provide the insurance cover for the project, it is necessary for a commercial bank to be engaged in the process for which the resources will come. And in this case, of course, we said that bank is Citibank and the authority, along with the Ministry and the Ministry of Finance, we had a process of inviting the various bids from a number of institutions and when it came down to it, Citibank offered the best term sheet, indicative term sheet offer to the government and of course to the Water Authority as the executing agency for this particular loan.

So the Canadian Commercial Corporation, CCC, which of course, Mr. Speaker, sir, is the official international contracting agency of the government of Canada, facilitates or is facilitating this trading between the countries by providing this insurance cover for the project under this Barbados Water Authority smart meters project.

And that insurance coverage, almost like a guarantee and a double guaranteeing of the loan, allows for us to be able to access these resources at highly concessional rates. Indeed, Mr. Speaker, sir, the indicative rate for this, as you will see in the resolution itself, brings us somewhere around 2 per cent of the loan. I believe it is the 6-month LIBOR plus 155 basis points, which brings you up to around 2 per cent. I can say that with the exception of the international financial agencies, particularly the Inter-American Development Bank, I don't think that you will find that level of rate coming from any financial institution for any loan facility for Barbados or anybody else for that matter, for this type of project at those rates. And those are as good as you could get it in the circumstances. And for a project that is going to run of this nature with a disbursement schedule over three years, but for a loan with a tenure of 12 years, these are extremely good rates for us to be procuring at.

So I do believe that this provides now a kind of win, win, win situation for everybody. The Barbados Water Authority gets the loan to execute its programme and continue in its restructuring process and its upgrade process. The Canadian government that does these projects through its CCC gets to do work in Barbados where previously we had not been able to do this type of work with this type of agency. Citibank, of course, is able to continue to contribute to the economic and social development of Barbados by providing resources, making resources available to the government of Barbados and continuing to repose confidence in the government and the economy of Barbados. And the government itself, as central government, is able to identify another source of alternative financing at rates that make sense and that allows us to be able to do our work without having to, as they would say, break the bank and pay too much money on this type of facility.

So this is a win, win, win situation for all of the parties concerned. It is not a facility or a process that I think - I hope certainly the opposition would object to - because it is the type of thing that we want to encourage in Barbados. And I think that it is something that we should feel proud to commend to this Parliament for approval given the important nature of it and the impact which it will have.

As I say, Mr. Speaker, it is a win situation. So with those very few words, sir, I want to again commend this to the House and to encourage Barbadians to be patient with us, of course, as the authority goes through the process of reordering and restructuring its operations and its administration, all to the benefit of the country. And to allow us of course to be able to have a better, more consistent and reliable water supply in Barbados. That of course allows each and every one of us to be able to conduct our business in a manner which will redound to the

benefit of the country while the authority itself continues to build its sustainability.

The terms and conditions, sir, of the loan are there. They are not anything earth-shattering for us in terms of the standard form of the terms and in terms of the fees are very reasonable. Of course this is being executed under Canadian law. The Solicitor General's office has of course vetted the contract. The CPC's office has gone through the resolution and therefore I think all is in order for this to be commended to the Parliament for approval under the Special Loans Act, Cap. 105 of the Laws of Barbados. And with that I would like to beg to move that this resolution do now pass.

Madam DEPUTY SPEAKER: Honourable Member for St. Michael North East.

Hon. Miss M. A. MOTTLEY: Thank you, Madam Deputy Speaker.

I shan't detain the House for very long. I am aware of the hour, the late hour and I am also aware that next week we shall have the opportunity to speak entirely on the full range of Government's programmes. So I shall hold some of my other comments until next week, as we did previously with the other matters pertaining to education. Suffice it to say however, that this is a form of concessional funding that the Government is being able to benefit from at this point. The Minister is correct that we have called on him to try to find more concessional funding and we shall be consistent. And we are therefore happy that in this project the rate of interest comes in with the 155 basis points on US LIBOR six month LIBOR at just under 2 per cent. And I just want to reinforce the point that we really cannot afford to be building out Barbados on projects that are costing us 9, 10, 11, 12 per cent. And the truth is that what is the difference that is at stake in relation to this project at 67 million US over 9 years with 2 per cent financing - we are only going to spend 6.5 million US in interest - if we had to pay 10 per cent interest on this project, we would have to look for another 30 to 32 million US more over the same nine years.

So when we say as an opposition that the securing of investment grade for the country must be paramount such that we can afford to borrow at rates that are coming competitive, it is because we understand the extent to which it will have a negative impact on the building back out of this country. This economy must be given a chance to grow. It will only grow with certain strategic investments. This is a project that is long overdue because all of us know across both parties and through successive governments that the level of unaccounted for water in Barbados - and the Auditor General's report speaks to it again today - has been a significant issue in this country. We have been talking about major leaks from pipes, we

have been talking about water meters that are incapable of functioning properly. And I believe the Minister referred to his own experience of it sticking. But that has been the experience of thousands of Barbadians. And therefore to the extent that we can now bring about the modernisation of the architecture of the Water Authority such that it can be able to have its revenue generated from as broad a base as possible is a good thing.

We still feel that we will then at that appropriate point have to look and continuously look at rates because we are cognizant that the cost of utilities, particularly for the hotel sector and particularly for other key sectors like the agricultural sector and others, has been a major cost of doing business that has increased for them over the course of the last five, six years. And to that extent, anything therefore that will enhance the efficiency of the authority to be able to allow it to have rates that perhaps are lower is something that we would support.

This particular model of financing, as has been said, is really as a result of the Government of Barbados being able to leverage its long historical relationship, diplomatic and commercial relationship with the Government and people of Canada. My own particular fear is this: that with every further downgrade it becomes that much more difficult to access even an arrangement like this where you benefit effectively from the insurance cover such that what you are really leveraging is the triple A rating of the Government of Canada and hence the concessional interest rate of 155 basis points over US LIBOR 6 months or 2 per cent. We are leveraging our relationship with Canada to be able to access this insurance cover. Of course the Canadian Government will expect that the majority of procurement will come back to Canadian products and Canadian services. That is understood from every development bank across the world. But to the extent that it can allow us to access this money to provide the most critical of services, that of water, then the opposition would have no difficulty in supporting this loan. Because quite frankly, for the Government of Barbados to access this funding at just under 2 per cent is still a good thing. But we recognise that it will not always be open to us to leverage these relationships, especially if we face future downgrades.

I think we can agree as a Parliament, therefore, that this type of funding has potentially saved the Government US\$30 million over the next nine years. And to the extent, therefore, that we can agree on what is necessary for us as a country to secure back investment grade, we should do so because the cost of doing business is going to be prohibitively high to the people of Barbados, whether through the Government or through its companies, as we have seen with Sagicor and others who have been negatively affected. And that is a simple point that I wanted to make tonight, Madam Deputy Speaker. We will have more than enough opportunity, I think, next week to speak

about the Water Authority and to be further updated on other aspects of its operations. But I do realise that the hour is late and that the same staff who have to cater to us tonight will be required to cater to us 10 to 12 hours every day next week. Obligated to you, ma'am.

Hon. C. P. SINCKLER: Madam Deputy Speaker, let me thank the Leader of the Opposition for her contribution. And I am happy to hear the note she ended on by making the point that we need to do whatever is necessary to retain or regain investment grade. And of course, we have been saying that for a long period of time that in order to build back our economy to the extent where we regain investment grade, that it is going to be necessary for us to do fiscal consolidation, which may mean having to cut some expenditures, control expenditures, restructure our economy in terms of our social sectors, ensuring that we can finance and pay for the costs which are associated with the things that we provide for the country. It may mean increasing some taxes here or there.

That is what it means. So I am happy to hear that the Opposition has said that and has relieved herself of that particular piece of wisdom. And I expect that next week in the Estimates Debate that will continue. I am not confident it will, but I hope that train of thought continues. And therefore, when the Government presents its Estimates, which are to achieve the exact results that the Leader of the Opposition shared - that we must do everything to achieve that - support will be forthcoming, should be forthcoming next week. But I would not advise that you hold your breath. Mr. Speaker, sir, with those few words, I beg to move that this resolution do now pass.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. J. D. E. BOYCE: Mr. Speaker, sir, 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 Monday, March 16, 2015, when we will convene at 10 o'clock in the morning to consider the Estimates 2015–2016 and the Appropriation Bill that accompanies it. I beg to move, sir, that the sitting therefore be adjourned until Monday, 16th March, at 10 o'clock in the morning.

The question that the House be adjourned until Monday, March 16, 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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BRATHWAITE, Hon. A. D. (St. Philip South)

CLARKE, Mr. G. A. (St. George North)

HINKSON, Mr. E. G. (St. James North)

INNISS, Hon. D. O'N. (St. James South)

JONES, Hon. R. D. (Christ Church East Central)

KELLMAN, Hon. D. St.E. (St. Lucy)

LASHLEY, Hon. S. A. (Christ Church West Central)

MARSHALL, Mr. D. D. (St. Joseph)

MOTTLEY, Hon. Miss M. A. (St. Michael North East)

PRESCOD, Mr. T. A. (St. Michael East)

SEALY, Hon. R. L. (St. Michael South Central)

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

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EDITORIAL NOTES — NOT PART OF THE REPORT

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

EDITORIAL QUERIES

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

Q1. Front matter. The source does not record Prayers, the officiant at Prayers or the PRESENT list. 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 p.m.]' followed by '[01.00 a.m.]' to '[2.00 a.m.]' during the morning debate, and '[12.30 a.m.]' to '[1.30 a.m.]' in the evening) and have been omitted.

Q3. Throughout. The seconders are not identified. 'I beg to second' on the suspension of Standing Orders is headed 'SPEAKER UNCERTAIN - REVIEW' in the source; on the luncheon suspension the words begin Mr. SPEAKER's putting of the question; on the dinner suspension they close Hon. J. D. E. Boyce's own motion. Each is printed under AN HON. MEMBER. Please confirm.

Q4. Minutes. Mr. SPEAKER refers to the minutes of the meeting 'held on Tuesday the 7th day of February 2015'. February 7, 2015 was a Saturday; the date may be February 17, 2015. Printed as spoken; please confirm.

Q5. Order No. 16, Hon. D. O'N. Inniss. The source reads 'the Honourable Minister for St. Michael Central and the Minister of Tourism' and 'the Minister for St. Michael Central' who negotiated airlift, and names 'Minister Seeley'. The Minister of Tourism in 2015 was Hon. R. L. Sealy, Member for St. Michael South Central; the constituency and the name are corrected.

Q6. Order No. 16, Hon. S. A. Lashley. Headed 'HON. MICHAEL A. LASHLEY, S.C., M.P.' in the source. Mr. SPEAKER called 'the Honourable Member for Christ Church West Central', and Hon. D. O'N. Inniss, in reply, thanked his colleagues 'from St. Philip South, Christ Church West Central, St. Michael South' for their support. The speech is printed under Hon. S. A. LASHLEY, Member for Christ Church West Central. Please confirm.

Q7. Order No. 16, Hon. R. L. Sealy. Mr. Sealy refers to 'the member for St. Philip South', who 'used to work and live in' an offshore jurisdiction, and says 'the government and the member for St. Philip South are well on the way to achieving the goal of making Barbados the

jurisdiction of choice'. The context may intend the Minister of International Business, Member for St. James South; the text is left as spoken. Please check.

Q8. Order No. 16, Hon. D. O'N. Inniss (reply). The Minister thanks colleagues 'from ... St. Michael South'. The Member for St. Michael South, the Prime Minister, did not speak on the Bill; Hon. R. L. Sealy, Member for St. Michael South Central, did. Corrected to St. Michael South Central.

Q9. Order No. 16, Committee. Mr. CHAIRMAN is not named in the source; the Chairman of Committees, Mr. J. D. Paul, is presumed. The Committee stage is condensed to the Official Report formulae; Parts 1 to 5 and the three Schedules were called and passed. No amendment is recorded, including those to the First Schedule suggested by the Leader of the Opposition in debate.

Q10. Order No. 7, Clerk. The Clerk addresses 'Madam Deputy Speaker' when reading Order No. 7, although Mr. SPEAKER had put the question on the first reading of the Appropriation Bill just before; the change of Chair is not recorded. On later resumptions Mr. SPEAKER refers to 'Order Six ... Order Seven' and to 'Order Number 16? 17?'. The Order is printed as ORDER NO. 7, as read by the Clerk.

Q11. Order No. 7, Mr. E. G. Hinkson. Part 2 of the source ends during Mr. Hinkson's speech and Part 3 begins 'Which is consistent with this Democratic Labour Party government since it came into office seven years ago.' Part of the speech may be missing at this point. Please check against the recording.

Q12. Order No. 7, Mr. T. A. Prescod. After Madam DEPUTY SPEAKER's warning, the next passage runs on under her heading in the source. Its content (including service 'as a member of the Democratic Labour Party in the Senate') shows it to be Mr. Prescod's; it is printed under his name, with only 'Please continue with your presentation' left to the Chair. The words '1,800 people dropped' at the start of her next call complete Mr. Prescod's sentence and are restored to it, and a line reading only '[Interruption.]' under his name is omitted.

Q13. Order No. 7, Hon. A. D. Brathwaite. Mr. SPEAKER's call reads 'The honourable member for St. Philip'; completed as St. Philip South. Mr. Brathwaite refers to 'the member for St. Thomas', but the Member for St. Thomas did not speak in this debate; the text is left as spoken. Please check.

Q14. *Order No. 7, Hon. R. D. Jones (reply).* The source reads ‘If the Honourable Member for St. Michael East were the Minister, I would have asked her a question’. The Member for St. Michael East is Mr. T. A. Prescod; the Minister later names the Member for St. Michael North East as a former Minister of Education. Corrected to St. Michael North East; please confirm.

Q15. *Suspensions.* The source records the luncheon suspension as ‘[THE SITTING WAS SUSPENDED AT [Inaudible.] P.M.]’. The dinner suspension was moved ‘until a quarter past eight this evening’, but the closing line reads ‘[THE SITTING WAS SUSPENDED AT 8.15 P.M.]’. Please confirm the times.

Q16. *Order No. 19 and Order No. 20.* Mr. CHAIRMAN in Committee of Supply is not named; Mr. J. D. Paul is presumed. The Clerk’s reading of Order No. 19A names the Leader of the House, but the Resolution was moved by Hon. R. D. Jones. The Committee and report stages are condensed to the Official Report formulae. During Order No. 20 Madam DEPUTY SPEAKER called the Leader of the Opposition and Mr. SPEAKER put the question; neither change of Chair is recorded.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at 10.00 a.m. on Tuesday, March 10, 2015, with Mr. SPEAKER presiding. The Minutes were confirmed and Mr. SPEAKER announced receipt of the Auditor General’s Report for 2014. Hon. D. O’N. Inniss laid the Barbados Investment and Development Corporation’s Annual Report 2012-2013, and Hon. C. P. Sinckler laid the Central Bank of Barbados Annual Report 2013 and four exemption orders and moved the first reading of the Municipal Tax Amendment Bill, 2015. Standing Orders were suspended. Later in the day Hon. J. D. E. Boyce laid the Estimates of Revenue and Expenditure, 2015, and moved the first reading of the Appropriation Bill, 2015.

Under Order No. 16 Hon. D. O’N. Inniss moved the second reading of the Corporate and Trust Service Providers Bill, 2015, which repeals the 2011 Act on the subject and licenses providers of corporate and trust services. He said the sector contributed close to \$900 million to the economy and that a licence fee of \$2 500 a year had been settled. Mr. D. D. Marshall asked why the 2011 Act had never been proclaimed and said a small practitioner would face application and licence fees of \$2 500 each and indemnity insurance of at least \$25 000. Hon.

A. D. Brathwaite set out Barbados’ obligations within the Caribbean Financial Action Task Force, Hon. S. A. Lashley said the Bill extended the narrow 2011 Act to domestic providers, and Hon. R. L. Sealy supported it. Hon. Miss M. A. Mottley supported the Bill but pointed to a drafting gap in the First Schedule and proposed a lower fee for junior practitioners and pooled indemnity insurance. Hon. D. O’N. Inniss replied that the Chief Parliamentary Counsel had advised a new Bill. It passed through Committee without amendment and was read a third time and passed as the Corporate and Trust Service Providers Act, 2015.

Under Order No. 7 Hon. R. D. Jones moved the second reading of the Education Amendment Bill, 2015, which amends section 47 of the Education Act, Cap. 41, so that government scholarships, exhibitions and other awards go to citizens. Mr. E. G. Hinkson called it a cost-cutting measure against long-resident CARICOM nationals and said the Learning Centre, where over 90 per cent of at least 75 children held full bursaries, had received no bursary payments this year. Rt. Hon. O. S. Arthur urged a CARICOM protocol on contingent rights, Hon. D. St.E. Kellman said he had a son at the Learning Centre, and Mr. T. A. Prescod said 1 800 students had left the University of the West Indies when fees were introduced and over 2 000 more last semester.

After a short suspension Mr. G. A. Clarke said that less than 10 per cent of secondary school leavers went to the University, Hon. A. D. Brathwaite said he had championed the amendment, and Hon. D. O’N. Inniss said the State collected about \$2.5 billion a year but spent over \$4 billion. After the dinner suspension Hon. R. D. Jones replied that the Learning Centre received a grant of some \$400 000, that \$1.5 million was committed to the Derek Smith Secondary School and Prevocational Centre, and that undergraduate enrolment had fallen by 22.2 per cent. The Bill passed through Committee without amendment and was read a third time and passed as the Education Amendment Act, 2015.

In Committee of Supply under Order No. 19 the House approved Resolutions for \$3 million under Head 77 for tuition support at the University of the West Indies and \$1 million for the Competency Based Training Fund. Under Order No. 20 Hon. C. P. Sinckler moved a Resolution under the Special Loans Act, Cap. 105, to borrow US\$67.9 million from Citibank N.A. for the Barbados Water Authority’s Smart Meter Project at about 2 per cent. Hon. Miss M. A. Mottley supported it, saying such financing had potentially saved US\$30 million over nine years. The Resolution was passed and the House adjourned until Monday, March 16, 2015 at 10.00 a.m.