
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2013 – 2018

HOUSE OF ASSEMBLY

Monday, March 13, 2017

Pursuant to the adjournment, the House of Assembly met at 10.00 a.m. on Monday, March 13, 2017.

PRESENT

His Honour M. A. CARRINGTON, Q.C., B.A., LL.B. (Speaker) Her Honour Mrs. M-J. M. THOMPSON, B.A., M.Sc. (Ph.Ed.) (Deputy Speaker)
Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.)
Mr. G. W. PAYNE, Q.C.
Mr. G. A. CLARKE, J.P., B.Sc., Dip. Ed.
Mr. R. St.C. TOPPIN, LL.B. (Hons.)
Hon. D. St.E. KELLMAN: (Minister of Housing, Lands and Rural Development)
Miss M. A. MOTTLEY, Q.C., LL.B. (Leader of the Opposition)
Miss C. Y. FORDE, J.P., L.C.P.
Hon. R. D. JONES, J.P., B.A. (Hons.), M.A. (Ed.) (Minister of Education, Science, Technology and Innovation)
Dr. the Hon. D. C. ESTWICK, B.Sc., M.B. B.S. (Minister of Agriculture, Food, Fisheries and Water Resource Management)
Mr. D. D. MARSHALL, Q.C., LL.B. (Hons.), L.E.C.
Hon. M. A. LASHLEY, LL.B. (Hons.) (Minister of Transport and Works)
Hon. R. L. SEALY, B.Sc., M.B.A. (Minister of Tourism and International Transport)
Hon. F. J. STUART, Q.C., B.A., LL.M. (Prime Minister, Minister of National Security, The Public Service and Urban Development)
Hon. J. D. E. BOYCE, M.Sc., C. Eng. (Minister of Health) (Leader of the House)
Hon. S. D. BLACKETT, (Minister of Social Care, Constituency Empowerment and Community Development)

Mr. J. D. PAUL, B.Sc. (Chairman of Committees)
Dr. the Hon. D. S. LOWE, Dip. Theology, B.A., M.Ed., Ed.D. (Minister of Environment and Drainage)
Hon. A. D. BRATHWAITE, Q.C., LL.B. (Hons.) (Attorney-General and Minister of Home Affairs)
Hon. S. A. LASHLEY, B.Sc., LL.B. (Hons.), L.E.C. (Minister of Culture, Sports and Youth)
Hon. D. O'N. INNISS, B.Sc., M.B.A. (Minister of Industry, International Business, Commerce and Small Business Development)
Hon. C. P. SINCKLER, B.A., M.Sc. (Minister of Finance and Economic Affairs)
Mr. T. A. PRESCOD, B.A.
Mr. K. D. SYMMONDS, B.A., LL.B.
Lt. Col. J. D. BOSTIC, MVO, B.A. (Hons.)
Mr. E. G. HINKSON, LL.B (Hons.) L.E.C., LL.M
Dr. M. M. AGARD, J.P., B.Sc., M.Sc., D.D.S
Mr. D. G. SUTHERLAND, B.Sc., M.Sc., MBA (Dist.)
Miss S. J. O. BRADSHAW, LL.B. (Hons.)
Prayers were taken by Rev. Father Mark Harewood.

MADAM DEPUTY SPEAKER: Good morning Honourable Members, the House is now in session.

MINUTES

MADAM DEPUTY SPEAKER: The Minutes of the Meeting held on Tuesday, March 07, 2017.

Hon. J. D. E. BOYCE: Madam Deputy Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its Meeting of Tuesday, March 07, 2017, be confirmed subject to any omissions, corrections and/or observations.

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

MADAM DEPUTY SPEAKER: If there are no corrections or observations, then let those Minutes stand confirmed.

FIRST READING OF BILLS

On the motion of Hon. J. D. E. BOYCE, seconded by Hon. R. D. JONES, the National Petroleum Corporation (Amendment) Bill, 2017 was read for a first time.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

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

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

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

GOVERNMENT BUSINESS

ORDER No. 20

APPROPRIATION BILL, 2017

Hon. C. P. SINCKLER: Thank you very much, Madam Deputy Speaker. I have to remember, Madam Deputy Speaker, that your Honour is in the Chair. Permit me, as I rise to speak on this the 2017 Appropriation Bill and the accompanying Estimates of Revenue of Expenditure, to take a brief moment to extend, on behalf of the Ministry of Finance and Economic Affairs, our deepest appreciations for the support, guidance and prayers of so many Barbadians at home and abroad which they have given to this Administration generally and to the Ministry and myself specifically during what could easily be described as a very challenging period.

At a personal level, I wish to take the opportunity to thank the good people of St. Michael North West who have not only given me this opportunity to serve at the highest level of Government but have solidified their support for me in ways that have strengthened me politically and even personally over the last nine years.

I would like to take the opportunity as well to thank my colleagues in the parliamentary group who have continued to be pillars of support even in times of difficulties and uncertainty. We have all committed ourselves to the causes which we have set ourselves as dedicated Barbadians and committed Members of the Democratic Labour Party to make Barbados the best it could be. I especially single out the priceless support of the Prime Minister, the Right Honourable Member for St. Michael South. Without him leading by example and standing beside his Government and his colleagues in

Cabinet and myself in particular the task would have been near impossible.

Surely, Madam Deputy Speaker, it could not be possible for me to be standing here before this Chamber were it not for the love and unflattering support of my family, including my wife and children, and of course very close friends some of whom have visited and are here today and who appreciate the stresses and strains surrounding public life. For all of these things I am eternally grateful, Madam Deputy Speaker, just as I am grateful to declare that we stand before this Chamber and boldly declare that we have not lost faith in Barbados, we have not lost faith in our country, we have not lost faith in our people and we have not lost faith in our future.

By age, Madam Deputy Speaker, biologically I can be considered...

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Hon. C. P. SINCKLER: Madam President, biologically I could be considered to be a relatively young man but as that famed Calypsonian in Trinidad and Tobago, the Mighty Chalkdust, was moved to say in one of his seminal compositions, I have been in town too long to be pushed down by pessimism and harassed into panic by the peddlers of this supposed impending demise of Barbados, but I am not too young to remember that I live in a country that went through a nasty oil crisis in 1973 where severe balance of payment issues stemming from the global oil crisis rocked out economy and society to such a degree that the rationing of commodities, if you recall, became a practice in the private sector; or in 1981 when under the economic leadership of the much vaunted Tom Adams Barbados was forced to seek help from the International Monetary Fund for the first time after joining where hundreds of Barbadians lost jobs, taxes were increased and user fees were increased at various social agencies that rendered services to the country.

Madam Deputy Speaker, I have been in town a little bit long enough to know some of these things. I was also in town from 1991, in fact, I watched from a very close vantage point when it went on record that Barbados' economy impacted on by both external and internal events led to a state of affairs where foreign reserves reached levels, some say of just about three weeks of imports, some accounts even lower where the problems of the twin deficits, external and fiscal current deficits, led us back into another International Monetary Fund standby arrangement with hundreds of Barbadians having to be laid off from

work, salaries cut by 8 per cent and taxes increased across the board.

Madam President, I saw the weak-hearted at that time gave up on Barbados and declared its death, while the over anxious in Opposition pressed their case for the Government to be handed to them as the only real chance for the survival of the country. Madam Deputy Speaker, it sounds familiar, does it not? Madam Deputy Speaker, I also witnessed the bold leadership of the then Prime Minister and Minister of Finance, Erskine Sandiford, against severe Opposition, including a real march that took place across the country with an estimated 30 000 persons. In fact, I stood on the balcony of Parliament and watched as they came towards Government Headquarters, but I noted and we can recall that the leadership of Erskine Sandiford and the then Democratic Labour Party Government saved our currency peg and laid the foundation for what then turned out to be 14 years of growth that would follow.

Madam Deputy Speaker, I would want to say to those who are seemingly ready to throw in the towel every time they hear of this or that downgrade or the downsizing of Barbados by some entity, I say to them simply that troubled though I might be I am not distressed; perplexed at times I will be I shall not despair; persecuted, for sure I am, but not abandoned; and cast down by some repeatedly but never, ever destroyed.

Madam Deputy Speaker, I make this bold assertion full in the knowledge that some outside and even some inside of Barbados appear, for their own self-determining purposes, to have decided that Barbados has failed. They and they alone, the arbiters of success, the determinants of failure, lords of the game as we call them have spoken and as I speak are performing supposedly final political rites on the Government, on the economy, on Barbados and on Barbadians, but I have a simple message for them from the people of Barbados, that regardless of whatever happens to us and for however much circumstances and individuals may conspire to rattle our faith in ourselves and in our capacities to face the challenges that confront and resolve us, we are Barbados and Barbados never fails. Madam Deputy Speaker, we never fail because we understand and know that at various points in history that all nations, great and not so great, are called upon to summon the will of their collective human spirits to face down adversity and to unlock the common goodwill of all citizens to move in a manner that accentuates the positive, build on their achievements, establish appropriate paths for the future and pursue common objectives with a singular purpose.

Madam Deputy Speaker, we never fail because we understand that while discussion can be healthy and has its place and should be encouraged, one person with an idea is worth much more than a thousand persons who only have

criticisms and opinions. Madam Deputy Speaker, we never fail because we appreciate the fact that within ourselves we do not possess all the answers to all the issues that confront us but that we are willing to engage in a process that is constructive and aimed at finding possible solutions that work. We will never fail if and surely because most importantly we ultimately believe that God Almighty has been our strength and our Guide for more than 300 years and surely will continue to be, once we fear and call on Him to shepherd us through the good and not so good times.

Madam Deputy Speaker, let me make it abundantly clear, less our detractors once again walk away as they often do charging me, as one newspaper editorialist did recently, of the crime of optimism and burying my head in the sand, that Barbados' economy, particularly as it relates to the public finances and our levels of foreign reserves is facing serious challenges. This is a simply undeniable fact. As a Government we have never sought to ignore or to conceal this. To the contrary, all of the efforts that we have made in responding to the worst global economic crisis in the history of the western economy to have affected this economy have been to contain the negative impacts of such a situation on the public of Barbados, the ordinary average regular Barbadian citizens such as yourselves and myself and in particular the most vulnerable groups in the society.

Madam Deputy Speaker, over and above this our mission as a Government has been and will continue to be, to gradually but assuredly make long desired but much delayed structural changes in our economy and society in a manner that is responsible, integrated and sensitive to the bare realities that as a very small still developing society the unravelling of the very social fabric of this country will surely put an immediate end to the march towards developed country status and surely reverse all of the progress that we made and celebrated only a few month ago in our 50th Year of Anniversary Celebrations.

Madam Deputy Speaker, if that is what some people want, and it seems as though it is definitely what some people want, fair enough, but for this Democratic Labour Party Administration driven by our social democratic philosophy of putting people first, we simply cannot subject ourselves and our people to that callous disregard for human dignity. We have walked this road before and we have taken tough decisions when called upon for and when it mattered most. The situation we faced called for tough decisions. Since 2008 we have demonstrated that we can and will take tough decisions, even without the support of Members of the Opposition...

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Hon. C.P. SINCKLER: ... Since 2008 we have demonstrated that we can and will take tough decisions, even without the support of Members of the Opposition and persons who support them outside of this Parliament. This has happened, as has been necessary, but we will make no stupid decisions just to hold up a ledger and showcase numbers on a page that look as if they have balanced the economic term sheet, while concealing grave imbalances and social injustices on the social balance sheet. Ma'am, that is not an appropriate way to do Government. Madam Deputy Speaker, it is often said that there is never a bad happening in anything, and perhaps this current situation which the country faces will bring and has brought face-to-face to those around us the realities of our existence as Barbadians. There is a national conversation to be had; not just on our economy, because it is not just an economy issue. It has to be had on the development model which we have followed for the last 50 years.

Ma'am, I respectfully submit that starting today, this very day, through the course of these Estimates Debates in this Parliament in both Chambers and surely within the wider community, now is as good a time as any to have that conversation. I can only hope that through it all, productive, responsible, reasonable discourse will take place and evolve in a way as to result in sensible solutions to the challenges we face. We as leaders in the political directorate on both sides of the political divide perhaps have our last credible chance to set aside the urge to play politics in speech and deed, and lead from the front by setting the stage for a responsible national conversation on these issues. Madam Deputy Speaker, it is time to see who are the mature among us. We have called for this Debate, and I intend to initiate the Debate starting right now. That is my take; now let me set out the Government's views, analysis and challenges and some of what we intend to do going forward as we seek to stabilise our economy, sustain and expand the levels of economic growth, and of course to securitise social development in Barbados.

Madam Deputy Speaker, there is no doubt that the most critical conversation at the moment in Barbados is the state of the economy. It is equally true to say that many inside and outside of the country have very legitimate concerns about what has happened and is happening, and how precisely Barbados intends to deal with it. It would be remiss of me if I did not say that your Government is just as or even more concerned about our situation, as it is the responsibility of this Administration to oversee the affairs of Barbados. In this regard, I believe that it is incumbent on me as Minister of Finance to lay out the facts, as I understand them and as given to me by my staff, and in

doing so to bring every single citizen of this country full-face with the reality of Barbados. Ma'am, I say this because much of what we hear in Barbados passing for serious discourse on this economy does not nearly touch on what are the serious structural issues that exist and confront us and which, contrary to popular belief among the social and political "chatteratti", are not as easily or as simply dealt with as people would have you believe. Madam Deputy Speaker, they say that they want straight talk; well here is the straight talk.

While time would not permit me to deal with all of the issues in this one speech -- and there will be others -- with your concurrence I would like to focus on three critical issues:

1. the foreign reserves situation and foreign exchange earnings,
2. the country's fiscal situation and the state of public finances, and
3. the country's debt matrix stock profile servicing and management.

I would like to deal with those three issues before I get into the numbers on the Estimates. Let me begin with the ('for-ec') foreign exchange situation. Madam Deputy Speaker, Barbados as you know is a small, open economy operating with a fixed exchange rate pegged to the United States dollar as its foundational platform for ensuring market stability and certainty to investors across the economy and the society. Because of our limited capacity relative to controlling significant amounts of usable natural resources, there is a built-in bias in the structure of the type of economy we operate. That bias is represented most glaringly in the fact that we have an extremely high import content proportion in relation to economic activities which take place in Barbados and, in fact, for all types of activities that take place in Barbados. Put another way, we tend by design rather than by choice to import most of what we consume as a country. Some say it goes as high as 70-80 per cent of what we consume, and this is true in the case even of production for exports of goods and services. In manufacturing, a significant proportion of what goes in as inputs into the manufacturing process is imported. In tourism, a significant proportion of what we do in relation to our hotels and so forth is imported. Even to export, we have to utilise foreign exchange first to import a significant proportion; even before we earn a dollar from the exports sold abroad.

Madam Deputy Speaker, as a result of this it is well known that in order for Barbados to sustain economic growth and development and to have any measurable degree of foreign inflows -- in such amounts that would satisfy the demands of business, Government, households and individuals, while permitting surpluses to be retained as reserve in both the private financial system and at the

Central Bank -- we have to perform in that area even beyond our normal capacities. It is equally accepted as a fact that in order to maintain a fixed exchange rate regime, which guarantees investors and other users alike a degree of certainty as to the rate between the United States dollar and Barbados dollar, the appropriate macro-economic framework has to exist and be maintained. It is commonly felt that this framework should consist of the following: Foreign exchange adequacy, a tight fiscal policy where the deficit does not exceed at least the rate of economic growth, and the debt levels that are sustainable and financeable going forward.

Madam Deputy Speaker, over the years Barbados has been able to maintain a fixed exchange rate position relative to the appropriate macro-economic framework on all three of these pillars, with some variations over time. This cannot be disputed, and the issue has always been the manner in and method by which we have been able to do so. That is the real issue. Ma'am, it is time for the facts of these things to speak for themselves. I have had my staff do some research in relation to information on Barbados' foreign exchange-earning situation, which I believe makes for very interesting reading and analysis. As you know, we have two major foreign exchange-earning sectors: tourism, to which I add tourism-related foreign direct investment, and international business and financial services. Those are two big ones. Sugar used to be there before but that is no longer there. Rum does bring in around \$60 million to \$70 million a year, but compared to these other two, that is a fairly minute amount. Then we have the other sectors which do some exporting; manufacturing and some agricultural products, and so on. After registering an average of 12 per cent improvement between 2000 and 2009, when we had a boom in the global economy, and foreign direct investment, tourism, international business and all of these sectors were actually almost perking at the same time, over the last seven years international reserves have steadily declined with the exception of 2012, when private capital inflows bolstered this performance.

10.49 a.m.

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Hon. C. P. SINCKLER: ... and 2009 when we had a boom in the global economy and foreign direct investment, tourism, international business and all of these sectors were actually almost perking at the same time, over the last seven years international reserves have steadily declined with the exception of 2012 when private capital inflows bolstered this performance and if we look at the figure in relation to private capital inflows in 2012 we would see that there was a relatively significant recover which sat outside of the trend from 2007/2008. The Central

Bank of Barbados' principal source of foreign exchange are derived from the public inflows and those originated from surrenders of the foreign exchange dealers and under law they are required, I believe at this time, to surrender 5 per cent of the foreign exchange earnings that they receive to the Central Bank of Barbados. The inadequacy of these capital inflows to offset movements in the current account was most evident in 2015 and 2016. In particular, the net public sector outflows and the impact of lower foreign purchases from commercial banks on a net basis contributed to a reserve position deteriorating to \$681 million or 10.5 weeks of import cover by the end of last year. Net private capital inflows peaked at an average of \$905 million between 2005-2008 when there was a tremendous surge in foreign investment coming and we notice a lot of that on the west coast with a lot of the properties which were being built and sold and in other areas as well and that was a purple patch for us. This supported the Central Bank of Barbados' average net foreign exchange receipts from commercial banks for the same period, that is 2005-2008, of \$173 million per year.

In contrast, these net foreign receipts only average \$120 million which is roughly around a \$50 million or so decrease per year between 2014-2016, mostly the result of this 5 per cent surrender. Once the crisis hit in 2007/2008 and really concretised itself in 2009/2010 where we lost significant value in travel receipts and tourism and in relation foreign direct investment coming into Barbados and in relation to the international business and financial services sector, we saw that average of \$173 million from 2005-2008 fall to \$120 million basically from 2014-2016 on the strength primarily of the 5 per cent surrender by law that the commercial finance foreign exchange dealers were required. This represented a decline of 31 per cent over the period. The picture that is being painted here is that this foreign exchange issue is two-fold. It shows up in the demand that you may have for foreign exchange but from as early as 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, it was showing up as a supply issue that we were receiving less foreign exchange, that there was less foreign direct investment into Barbados directly, that there was less earnings from the international business and financial services sector, which you will see in the fiscal part that I will discuss shortly, and also from tourism travel receipts as the tourism sector struggle to catch its feet after this very virulent recession around the world. In part, this then reflects a structural shift in what is taking place in terms of the patterns for foreign exchange interbank market activity which is taking place over the last few years. Such changes in the foreign exchange surrender requirements and the required trading margins as well displayed in delayed flows for the related projects. The downward movement in the stock of reserves based on the capital account would have also stem as well from lower external public borrowings. In other words, the Government -- because the Government and Government entities are the ones that do public

borrowings so when you see or hear the public inflows and private inflows, the private inflows are from the private agents in the economy and the public inflows are from the Government entities and central Government itself -- had less public borrowing in that period. The net public inflows which increased from an average of \$92 million between 1999-2008 almost doubled this average thereafter until the last two years when it bottom out to register public outflows of \$73 million and \$122 million respectively. We went from a situation where, Madam Deputy Speaker, a significant proportion of the stock of reserves that we were getting into the Central Bank of Barbados came in because, not of earnings but because of borrowings and this point needs to be made very, very clearly.

With respect to tourism travel credits. Over the last 10 years commercial banks sold an average of only 19 per cent of these earnings in foreign exchange to the Central Bank of Barbados so when we took up the travel receipts book and we saw, I think it went as high as \$1.3 billion or probably a little higher under the last Government when everything was booming, it came down to about \$900 million under this Administration in the toughest of the periods in that recession. It has gone back up some, I think, to around \$1 billion or more, but when we see the travel receipts in the reports that are given by the central bank or by the Statistical Department and you see \$1 billion or \$1.2 billion people believe that all of this money go into the Central Bank of Barbados in the reserves. In fact, only 19 per cent of that was surrender from those private dealers to the Central Bank of Barbados and entered the foreign exchange reserves and this represents a shift in how the market functions because before it was much higher than it is now and I keep saying to my friends, both in the Central Bank of Barbados and others that we need to do a complete analysis, a deep composition of the entire tourism sector to see who money is earned, where it is earned from, what are the methods of payment, how much makes it on to Barbados, how much is outside, and these things need to be analysed because we cannot take it for granted any longer that because we have record levels of tourism arrivals, increased VATs, increase spend that it is going to translate into a wash of foreign reserves into the Central Bank of Barbados. That is not how the market functions anymore.

Asides.

Hon. C. P. SINCKLER: I did not say it is starting now. I am saying it has started actually for quite a bit of time and we use to be, Madam Deputy Speaker, everybody used to wait until the winter season. We used to have a situation where reserves when monitored used to be winter seasons comes, there is a spike, you get a lot of reserves in there and then towards the middle of the year when the season gets tighter when we did not have the all year around type of situation that we are trying to build out now. The hotels closed down for refurbishing and so forth and

whatever the case may be and the market is slow in the summer and of course the usage of foreign exchange goes up during those periods. You see that there was a steady decline and then you get back to winter season and it shoots up again. That shooting up, Madam Deputy Speaker, no longer happens in the way in which it used to happen. The retain foreign exchange earnings surrender from the players into the Central Bank of Barbados reserves tend now to be more flat line. It is true that it is more consistent over the year because we are going into summer tourism and we are trying to do the festivals in the summer and to pull more people into the country as we do a summer product and a year round product as the Minister of Tourism would tell you so you get now more of a flat line but you do not get that big peak because a lot of that money does not make it into the system in Barbados in that particular manner.

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Hon. C. SINCKLER: ... but you do not get that big peak because a lot of that money does not make it into our system in Barbados in that particular manner. So that more generally though, over the last two years what we have seen as an improvement in our external current account, has been as a result of reduced fuel imports and reduced value of fuel imports because oil prices have come down quite significantly. Some prices for goods and commodities have come down as well from the peaks we experienced in 2005, 2006 and 2007. Therefore, that has allowed for the external current account to come down from around 9% at peak about three years ago to around 5%, now which is about a 4 percentage point decline in that amount. Even with that the net inflow has been insufficient to cover the reduced current account deficit. You normally would see a heavier inflow because you would have those sectors that are giving you that foreign exchange that would be coming in. If you had the happy coincidence of a reduced outflow because of low oil prices or low commodity prices or low debt service payments, you should see an improved performance between the inflow and outflow in relation to foreign exchange. What you are having is, even though you are getting that contraction in oil prices because the inflows are not as significant as they used to be, either on public or private end, it is a situation where you are not getting the type of comfort that you want, and of course eventually a buildup in reserve levels.

So let us break it down by sector. Tourism services accounts for about \$2 billion in foreign exchange earnings and at peak its earning capacity in Barbados IS somewhere around 2008 accounted for \$2.4 billion. This is Barbados dollars.

On the other hand international business and finances services sector accounts for an estimated \$702 million and at its peak in 2009 it brought in \$732 million or 32% of foreign exchange earnings. So you can see, as I said, Madam Deputy Speaker, these are the two big players in the market.

Now, these figures are instructive because by and large they give us a general sense of precisely how much foreign exchange coming into the country is actually earned as opposed to what is imported and what is borrowed. It is important to note because it is critical to be aware of two sets of information. First, how much foreign exchange in total actually flows into Barbados on an average per year against how much outflows, and critically if there is a deficit between inflows and outflows how much that deficit normally is and how it is financed. In other words, where does the rest of the foreign exchange come from to ensure there is a balance between the payments, or if possible a surplus which small open economies release in their current account.

Let us take the capital outflow figures first. Here I will use the time series 2016. In 2000 foreign inflows into Barbados amounted \$747 million. On the other hand outflows of \$168 million. Of this inflow amount \$465 million was accounted for by private foreign inflows and tourism related project receipts, while \$282 million was public inflows made up of loans and foreign grant income to the Government. We can say that is a significant amount.

Now these figures are instructive because by and large they gave us a general sense of precisely how much foreign exchange coming into Barbados is actually earned, \$747 million of it earned, \$2 billion over the period actually borrowed or grant money. It sets out very clearly for the challenge that we have. That is, Madam Deputy Speaker, we need on both ends of the spectrum, both in terms of the inflows from the private investments, private earnings of foreign exchange through tourism and the public inflows to ensure that we get both of them going in the right direction at the same time. That is really the challenge for us. So this is not just a demand side issue, or challenge that we are getting foreign exchange but finding ways to, just as we would say in the local parlance, lick it out. It is a fact that we are having significant difficulties getting as much as we got at the peak periods when the global economy was doing as well as it was in the past.

Lets go back to 1999 and come forward because I think it is very interesting, it struck me. As you know in the early 1990s Barbados' foreign capacity and the Central Bank reserves position reached, at its lowest level in modern history. That is a fact, in the early 1990s and that precipitated a balance of payment crisis. We had to turn to the International Monetary Fund, as I noted earlier. Some accounts described the situation, as I said, that we were out

of liquid reserves. Government resorted to the International Monetary Fund Programme and the rest is now history. We would not go over that.

By 1999 it had recovered to some extent even though reserve levels were still below the twelve-week benchmark of imports. In fact, the data will show that it was 8 weeks in 1998 and 9.8 weeks, I believe in 1999. In that year the previous administration under the leadership of the Right Honourable Member for St. Peter, who is here with us today, determined for whatever very good reasons, and I could only surmised they recognized that relative to the weakness of the country's capacity to earn foreign exchange to drive socio economic development and satisfy consumer demand for imports in a sophisticated society, that we had to find greater levels of reserves. There is nothing wrong with that, because, as I said, as a small open economy with a fixed exchange pegged that is on a march towards developed country status you have to have the tools at your disposal to be able to push development, and one of those important things is the earning of foreign exchange.

So the last administration decided they were going to shore up the reserves by tapping the open capital market. Of course, it also gave that administration significant amounts of money to spend on capital and on some recurrent expenditures, a good bit of which, Madam Deputy Speaker, were done over a relatively short period of time. This is just the facts, not a criticism. It is a fact. It is a simple fact and I will demonstrate what I mean in that particular regard.

Madam, up and until that point when Barbados went to the capital markets, principally for balance of payment support as we have done since we have been an independent nation, at periodic periods, those were done through private placements. You would call a bank. You make an arrangement and you do a private placement. The bank would syndicate it. If it is too much for them to handle in their own reserve, they would syndicate it among different investors and you would get you bond or whatever facilitated whatever you are doing.

Madam, the type of weakness in the foreign exchange reserves, and the expansionary nature of the countercyclical policies which the Government of the day admitted they were pursuing in terms of their fiscal policy to counteract particularly the decline caused by 9/11 in the early part of the century, the Government decided they were going to go on the open capital market as a borrowing option. I want to demonstrate what I mean because it is important to understand that.

I would also make the point in pausing here that in order to go to the open capital market and borrow, you have to have a rating. You have to get a public rating from

a ratings agency. You have to join a ratings agency. You have to employ them, or some people may say deploy them...

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Hon. C. SINCKLER: ...You have to join a ratings agency. You have to employ them, or some people may say deploy them. You have to get a rating in order to go on open capital markets and to borrow. Even in a private borrow you should get a rating. Even a personal borrow requires a rating on your economy. You can privately go to one of the ratings agencies and say, we are doing a private placement. We want a rating for X lender or creditor and they will do a rating, but that is between you and the rating agency and the creditor. It is not publicly known, but if you are going on the international bond markets for an open bond borrowing that is floated to the whole world, not just the people in the United States or the United Kingdom, Japan, Germany, anybody can buy piece of it once it is set up, you have to get a public rating. So you have to engage a ratings agency. The last Government decided they were going to get two rating agencies and contract them, Moody's Investor Services, which we pay by the way because they do not do it for free. You have to pay them a few thousand dollars every year, and Standards and Poors, or S & P, as we call it, to give a rating to Barbados.

Before then we had no rating. In 1991 when our economy ran into difficulty with very few foreign exchange reserves left and had a high external current account imbalance. In 1991 when we went to the International Monetary Fund we did not have any ratings. There was no agency to issue any downgrade to say I am downgrading you one notch or two notches or whatever the case may be. So all of this excitement in Barbados about ratings is because somebody took the decision to go and engage ratings because they wanted to go on the international capital market and we have lived by that, both administrations B and D. We have lived by it. When it has worked for us we have been all excited and happy to go and borrow significant amounts of money, as I will demonstrate very shortly, but of course when the rating goes against you the newspapers and all of these people, treat it as some kind of jollification event that they should jump up and down about who is getting downgraded, and who is not getting downgraded.

Barbados was downgraded four times when the global economy was doing well and this economy was doing well under the Barbados Labour Party, but downgrades were not an event. All of a sudden a downgrade is an event that every time it happens, you have

to regurgitate the same thing over and over again to make Barbadians feel less secure and less confident in themselves. Madam Deputy Speaker, what goes around comes around. So we do not mind. What goes around, we know does come around? So we did not have any ratings then. So there was nothing to downgrade at the time. There is something to downgrade now.

The real point that should be made is, between 1999 and 2005 during period in which we saw the greatest level of economic growth in the world economy and supposed record levels of foreign direct investment, not only across the world because FDI was up significantly across the world into Africa, Latin American and all of these places and in Barbados as well. The last administration -- you recall, Madam Deputy Speaker, when I spoke about the reserves and the significant inflows we were seeing in relation to private inflows and public inflows between 2000 and 2007/2008, the Government of the day still found it necessary in a country where some people believe we earn all the foreign exchange that we utilise, still felt it necessary to go on the international capital markets and borrow \$1 billion to augment the reserves in Barbados, \$1 billion to augment the reserves in Barbados at a period of time when we were doing superlatively well, far less at a time when Barbados is still struggling to recover from the world's worst recession, but we are judged harshly on these things and people felt that a lot of the reserves we were utilising -- remember I say when you borrow US\$500 million on the market it is \$1 billion in reserves that come into Barbados. It is also \$1 billion in Barbados dollars that go to the Government to spend.

Asides.

Hon. C. SINCKLER: Of course, it is a billion that is going onto the debt too.

The point here is, Central Bank not only get the reserves, because you borrowed on the open capital market and they get the money almost the next week, the billion dollars go into the Government's Treasury to be spent on stuff. People feel the US goes into the Central Bank and that is all that happens. The Central Bank converts it and pays the Government, the Accountant General, the equivalent of the US money that you borrowed, \$1 billion, at a time when we were doing so well, when investment was flowing, when things were happening, when everything was hunky dory.

Asides.

Hon. C. SINCKLER: The problem is somebody else has to pay it back. That is the thing. You borrow when it is good but somebody else has to pay it back. So this was borrowed and the truth is, when you say the reserve exploded in this way, it was not just because we were

earning all of this money. It is somebody else's money we were borrowing. So that is why we could have been consistently above 12 weeks.

Madam Deputy Speaker, extract -- take out the billion dollars, and I am going to break it down for you how it was borrowed and you tell me if we would be discussing 12 weeks, 2 weeks or 3 weeks in Barbados.

Asides.

Hon. C. SINCKLER: Nobody is defending anything. Do not mind that.

Madam, I want to be balanced. We have borrowed too. We followed the model. I am fair and balanced. We followed the model and we have borrowed too. Over the last 9 years we have had to borrow foreign exchange reserves. The point that I am making is, we have always been a country that has had to borrow to shore up reserves and that is the issue in Barbados. We could ask ourselves if we are earning, as I pointed out earlier, all of this money in tariff receipts from tourism, if we are getting all of this money from international business, these are known facts, the question is, why should we have to be in the market borrowing foreign exchange to this level and degree? Something has to be fundamentally wrong with what is going on in this particular system. We borrowed reserves as well in relation to this. Once the recession hit, we had to go in the market and we borrowed \$1 billion too over 9 years. They borrowed a billion in 5, we borrowed \$1.2 in 9, all for one purpose so that the average Barbadian citizen can have access to foreign exchange when they want it, that they do not have to do like certain countries around us, where you are told you could only get \$20 and you could only get \$100 if you are traveling or whatever the case may be. That is not meant to be a criticism of anybody. It is just simply a fact. We have to get foreign exchange to function as a small open economy and as a high consuming import country, we have to have that level of foreign exchange. That is the reality of what we are dealing with in Barbados.

So to believe, fact number 1 -- when people walk around and say that this foreign reserve....

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Hon. C. P. SINCKLER: Madam Deputy Speaker, to believe, that is why I said fact number one, that we... When people walk around and say that the foreign reserves have gone down to 10 weeks of import as though this Government took up the money and went down in town and share it out... In fact, Madam Deputy Speaker, when the crisis hit we were advised by the last Administration that they left a lot of foreign reserves and that we should

convert it into Barbados dollars and give it to people to go into town to get their nails and hair done and give it to shops so people could go out there by the bus stand... If we had taken that advice we would not have any now, no one week, no two weeks, no two day, no three day. We decided to do a defensive posture by containing demand by running a tighter fiscal policy. They feel that all of the people who know what happened in Barbados have gone but some of us are still around here and we can recall what the advice was. It is in the records of this House because speeches were delivered in here by senior Members of the Opposition to say we have left foreign reserves, go and spend them to shore up the economy. I do not have to make any excuses in relation to that. The reality is that we have not been earning it, we have been borrowing it to help shore us up in that particular regard.

In May 1999, they issued a bond at 9.99 per cent for \$75 million from Citicorp Bank; the year following, 2000, another bond at 8.75 per cent US\$100 million from Credit Suisse; the following year, 2001, this is three years in a row, they had US\$150 million from Bernstein and Company Inc. at 7.5 per cent, and in 2005, at 6.625 per cent, a US\$190 million bond. They had \$150 million, \$200 million, \$300 million and \$380 million, just over \$1 billion in a short space of time that is the reality. I could make this a document of the House. I believe it is carried in the Estimates document.

It was put down for a rainy day and the rainy day came. It did not come under the last Government, it came under us. The only challenge is that in relation to the rainy day the Barbados portion of the money that was borrowed was gone, it was no longer there, because it was spent, as we would see, on things that they argued were to build capacity in the country: a Judicial Centre at Whitepark Road, I cannot even remember how much that cost; a new Coast Guard Headquarters down at Spring Garden, \$270 million on GEMS of Barbados; \$165 million on a road to expand the highway; \$250 million in some currency because up to now we are not sure which currency it was, if it was US dollars or Barbados dollars, I believe it was US dollars, for a prison at Dodds. What else was it spent on? A \$150 and running was spent on Kensington Oval, so we spent a lot of money. The economy was hot, unemployment was low, jollification was in the land and we were all happy and praising the Lord that in fact it could now be confirmed that He was especially a Barbadian and showering His blessings on all of us.

I am not criticising any Government because I passed that stage but I know that people in Barbados who apparently seem to have forgotten that they were born in the 50s, 60s, 70s and even in the 80s appear to believe that they only woke up in January 2008 and history in Barbados began at that point in time so nothing that happened before

is of interest, only what happened afterwards but we know much better than that.

The simple straightforward reality is that we have not been earning this big lot of foreign exchange, we have been borrowing it. They borrowed \$1 billion, we borrowed \$1 billion and somebody else borrowed \$1 billion. It is all borrowed money. Any time that you are in a situation where the conditions do not prevail for you to borrow and you take a decision as we did judiciously that we would not go and expose ourselves to exorbitant interest rates in an uncomfortable and uninviting environment in the global market, then we have to find ways to earn the foreign exchange or if we have to borrow, to do so at rates that make sense. That has been the position of this Government since 2013 because somebody had to get off of that borrowing rollercoaster. We have to say to people you have to earn your way, you cannot expect a country to keep borrowing and borrowing and borrowing foreign exchange to build up reserves when it is clearly proving to be a difficulty and will be a difficulty for future generations. Madam Deputy Speaker, that has been the position of this Government. Now, if that is the charge, then we plea guilty. If we are to engage in downgrades because of it, well then that is tough, that is hard and it is unfortunate but that is the way the game is played in international finance and international business.

Madam Deputy Speaker, the question is: Can we sustain that type of model ad infinitum? If we can sustain that type of model ad infinitum, it means that we have, if we decide that we cannot, to compensate and structure for our clear weaknesses in our capacity to earn and retain foreign exchange.

Madam Deputy Speaker, I accept the legitimate criticisms for the decline in the reserves since 2013. I also take responsibility for accepting the advice of my team of senior advisors that that particular policy of going to market every year and borrowing large amounts of money was not only unsustainable, it was a dangerous set of policies. I believe it was good advice because it did not say that we should go and borrow from time to time, even though I saw a newspaper recently misquoted the Prime Minister and said that the Honourable Prime Minister said at some function recently, and I was there, thank God I was there to hear it myself, that Barbados is not in the market for borrowing that type of high-cost money willy-nilly. He did go on to say that if it was necessary at any point in time for us to tap the markets then we would do so but it cannot be as a first choice policy, it would have to be as a last resort policy or certainly one that comes secondarily to earning the level of foreign exchange that we need and require. Madam Deputy Speaker, that brings me to the critical point that needs to be made here this morning, at least another one of them.

Madam Deputy Speaker, do not for one moment believe that in a society such as ours that has a certain standard of living and quality of life that as I said is largely driven on earning our foreign exchange that we are going to be able to sustain this unless we address the supply side issues relative to earning foreign exchange. The point that needs to be made and reinforced again is, it is not that we are not earning so much, we are earning, I believe, sufficient that if a reasonable percentile number of it comes into the country, we should be reasonably good. We can earn a lot more yes...

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11.29 a.m.

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Hon. C. P. SINKLER: We are earning, I believe, sufficient that if a reasonable percentile number of it come into the country that we should be reasonably good. We can earn a lot more, yes, but if more of it were to come on shore and not be held overseas somewhere then we would be a lot better off.

Madam Deputy Speaker, few can deny that this and Government and successive Governments have gone beyond what some people would consider to be normally acceptable by right-thinking members of our society and have offered massive incentives and concessions to all types of people. Ma'am, when you hear Member of the Opposition speak and others they make it seems as though the issue of concessions was first discovered in 2008 and that the only body who gave concessions for businesses and investors to operate in Barbados was the Democratic Labour Party Administration. Ma'am, in fact, the model for modern Government was designed by the last Government that is the same model I came and found. I have not changed it, investors come, they lay out a business plan, they tell you of a project that they want to do, if it earns a certain amount of foreign exchange or if it creates a certain amount of jobs and employment economic activity, the staff in the Ministry of Finance and Economic Affairs analyses, the Central Bank also analyses and they say yes, they think it is something to which concessions can be given and we utilise Cap. 67(B) of the Laws of Barbados predominately to give those concessions. We also give concessions under the Tourism Development Act, the Housing Incentives Act, the Special Development Areas Act, we now give under the Cultural Industries Act.

Ma'am, we have a set situation of giving concessions. In fact, I can reveal to this Honourable House as I have said before and for those who have not heard I can repeat, that right now Barbados waives just over \$700 million in tax revenue on concessions, incentives and other waivers to the whole of Barbados. Ma'am, about \$300

million are covered in statutory waivers contained in permanent pieces of legislation while the other \$300 million is discretionary, so that people all over the place get concession. For example, people get concessions for as simple as a church bus to transport its members; people apply for concessions for fairs. We do not do too much of that because we do not like to encourage that kind of thing, that is opening the floodgate; we give concessions to the Council of the Disabled. Somebody said that we do not include them but they get massive concessions in addition to the massive grant that they get from Government. They cannot get everything they ask for but they get a lot. In fact, I believe we have given concessions to some of the clubs to provide buses to the transport of the disabled and we will continue to do so because that is what serious responsible and sensitive Governments do.

Madam Deputy Speaker, we give concessions to big projects, for example, hotels like Sam Lord's, Sandals. Those are the discretionary waivers we give. We give to Cost-U-Less and to Caribe Cable, we give to all of those. Madam Deputy Speaker, the Opposition Members mentioned them as though it was a crime. I used the same Act Cap. 67(B) that has been used by successive Ministers of Finance and Economic Affairs to grant concessions on the basis of the analysis in the staff of the Minister of Finance and Economic Affairs that it can make a contribution to the economic development of Barbados.

Asides.

Hon. C. P. SINKLER: I gave to Carlton Supermarket too. Madam Deputy Speaker, when they talk about concessions and they are throwing this thing around, I too have also given to Carlton Supermarket. They are throwing these things around as though we are giving away something, we do it because we feel at the point in time, given the submission of the people doing the investment and given what they said they are going to do, that it can contribute to economic development and activity and create job and contribute to value in Barbados. Ma'am, when people make this point only to give the impression, let me say that it was not me who gave concession to Four Seasons, Westmoreland, Sandy Lane or to CIBC, but you do not hear me talking about that every time. I did not waive any taxes for anybody in my family. I have never done it.

Asides.

Hon. C. P. SINKLER: I have never forgiven any tax for anybody, I know some people have done it but I have never done it. Ma'am, every time you hear a debate in here the people are throwing out these things as though you are getting someplace in some dark room...

Asides.

Hon. C. P. SINKLER: I am taking all day, I can speak till to tomorrow, I am not hustling myself because I have a lot to say and I intend to say them, so that whoever wants to fall asleep, hustle me through or leave that is a matter for them but I am going to say what has to be said today. I am only at Page 31 and it is 122 pages long, so that you know you have all day in here.

Madam Deputy Speaker, successive Governments have given concessions. I do believe that we should continue to do so because these things are important to business growth, economic growth, to magnify value and a lot of people have benefited from them. The question I keep asking on this is how much of the return are we getting. I do not believe it is enough. In fact, I believe that the bulk of the foreign exchange being earned is not making it into the system and that it needs to make it into the system. If they are vast amount that are being held outside of Barbados we want you to bring a little bit more in to help the country out. Do not only get up and talk about the reserves that are in the Central Bank of Barbados but give a little bit more to help the country out. That is not an unreasonable call, is it?

Madam Deputy Speaker, there are some foreign exchange that we do not want, for example, we do not want foreign exchange from money laundering or nefarious activities. We do not want Nigerian money either, what we want is good clean foreign exchange that is legitimately earned and brought into the island. We do not want any hanky-panky stuff around here, that is not Barbados is about and we do not want it. Ma'am, as Minister of Finance and Economic Affairs you get to see a lot of things but the truth is that there are some things that you would prefer not to see, others not to hear but you get to hear and see a lot of things as Minister of Finance and Economic Affairs.

Madam Deputy Speaker, the Right Honourable Member for St. Peter can tell you as Minister of Finance and Economic Affairs you get to see and hear a lot of things so that sometimes you have to sit and ponder as to what is happening.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, we have to invite people to lift the country up, it is a nationalistic thing and to bring some more money on board, let us see some more foreign exchange coming in so that we do not have to borrow as much and we can have a more consistent supply. The truth is that some people may say some of that has to do with confidence and maybe it does but I still think that on the basis of what we are seeing people can pull their weight a little bit more...

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Hon. C.P. SINCKLER: ... Now, the truth is some people may say some of that has to do with confidence; maybe it does, but I still think that on the basis of what we are seeing, people can pull their weight a little bit more than they have been doing in that particular regard. When the private sector groups meet, as I know they meet fairly often, to discuss recommendations about how Government can boost foreign exchange earnings in Barbados, I want it to be prominently featured among their discussions in their groupings; so that they can come back to Government with tangible, demonstrable recommendations as to how they are going to get their members who earn foreign exchange to bring more of it on island. I am sending out that call to the head of the Private Sector Association and the head of the Chamber of Commerce. Do not only tell us about how concerned you are about how low the reserves are. Tell us about how concerned you are that not enough foreign exchange earned by Barbadian companies is being brought into the island and how you intend to work with those companies and the Government to ensure that it does. I think that is a fair call, Madam Deputy Speaker. I think that is a fair call, and so we are open to any recommendations that may come. In the meantime, Government is not going to wait around for these processes to play themselves out, and we intend to move with some expedition to ensure that over the coming weeks and months we get back above the 12 weeks of imports, which is the comfort level which most people like to dispatch.

During the Press conference which I held recently, I outlined a number of short-term initiatives aimed at driving further inflows into the Central Bank, and we have begun to see some of those come in, and I am happy that they have come in. Among those inflows would have been the First Citizens Bank (FCB) Bridging Loan for the CAF-sponsored upgrade to the Barbados Revenue Authority and Customs. I also believe that the Sam Lord's Castle disbursement has been made and is now there. Of course, I am not quite sure what is the holdup with the Caribbean Development Bank Student Revolving Loan contribution, because everything has been done for that; all the paperwork is finished. I believe the Minister of Education would confirm this. There is really nothing blocking it so that should land, if it has not yet landed, within a couple days' time. Of course, with the Barbados National Terminal Company Limited (BNTCL) sale we await the decision of the Fair Trading Commission. As a regulatory agency, we cannot do anything until they say yea or nay or in between. We are waiting on them to make their decision. I know, though, and I say this with all seriousness, Madam Deputy Speaker, that there seems to be an effort or an

attempt by people -- I am the happiest man to know that the Opposition is not part of it; I am very glad to know that they are not in any way engaged in it -- to scuttle and block that particular transaction; for whatever reason, I cannot imagine. We will wait and see how it goes. The BNTCL transaction, we will wait and see how it goes. I note the faces in the march. Of course, it is democracy and everybody should march if they can march. Everybody should go out and march. Unfortunately, for the people who organised the march, everybody did not go out and march. These are the Estimates and I am not interested in any march. The truth is that one car dealer told me, when I asked if he was going to it, "The march is now so unpopular, we do not bother to support it anymore." I am not interested in any march, any crowd and all of the....

Asides.

Hon. C.P. SINCKLER: Thirty thousand Barbadians. Madam Deputy Speaker, 30 000 Barbadians are said to have marched.

Asides.

Hon. C.P. SINCKLER: As I said, these are the Estimates. I am not getting into that. That is for a different time and a different place. Madam Deputy Speaker, we also mentioned that we have issued new guidelines to investors and developers seeking tax waivers and tax concessions; so that support for these investments will continue, as I said. However, such will have to be done on a position that at least one-third of all the foreign exchange brought into the island -- both for the construction of the properties and the investment in the properties, or on the sale of the units -- be put directly into the Central Bank of Barbados. We have instructed the Central Bank and the Ministry of Finance to do that as well. Further, we have issued guidelines that, on completion of the projects and once the sales of the units are done, no less than 50 per cent of that foreign exchange earned should be surrendered into the Central Bank of Barbados to help boost the reserves. It is also our intention to absolutely maximise inflows from all foreign-funded projects in the pipeline; the ones that remain.

We have approved a US\$30 million loan for the Barbados Water Authority's (BWA) water master plan project with CAF. They are working on the disbursement documents now, and that should come in over the next few weeks to months. There is also the \$50 million Caribbean Development Bank-sponsored BWA water network upgrade systems project, which is a slightly different project. That has been approved, signed and laid in this Parliament as well, so disbursements for that will come over the period of the project implementation. Of course, there was also a project stalled in the Ministry of Education on some legal issues relative to tendering and so forth

which have now been sorted out under the education sector's Enhancement Project 2 at the value of US\$35 million. I think the way is now relatively clear for that to proceed, and our hope is that we will be able to download those resources during the course of this financial year.

In addition to that, Cabinet will shortly be asked to contemplate the sign-off of another viable and highly saleable commercial asset for which the Government has already received no less than 12 very serious, lucrative and commendable offers; and it is expected that if that is approved by the Cabinet, it will earn in excess of US\$100 million during the course of this calendar year and certainly over the course of the financial year. That is likely to bring, if approved, possible net income to the Government of Barbados of BDS\$100 million. Provision for this has been made in the Estimates and we will be announcing very shortly what that particular asset is.

Asides.

Hon. C.P. SINCKLER: Madam Deputy Speaker, finally I have advised the Central Bank that following a recent offer from one reputable regional commercial bank to provide a back-stop booster on the reserves in terms of a loan facility, if necessary, we will make that judgement over the next few months. We have been made an offer of up to US\$100 million. We have not taken it. We have not decided to do that as yet but we will monitor the reserves situation over the course of the next month, and if necessary, we will engage that particular facility as given.

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Hon. C. P. SINCKLER: ... we have not decided to do that as yet but we will monitor the reserves situation over the course of the next month and if necessary, we will engage that particular facility as given but the staff from this week would be working on the specific details of that and of course, it has to come to the House of Assembly so we will inform the House and the country as well. We believe that with those situations in hand we should be able to bring our reserve levels back up to more comfortable levels even as we work to unlock new earned foreign exchange in Barbados through the main sectors of tourism, international business and, of course, now rum exports. We believe that should bring us to where we need to be in the shortest possible time.

Allow me therefore to turn my attention, Madam Deputy Speaker, to the other critical issue or another critical issue which I believe is for us to discuss and undergird this urgent national conversation which we must

have on our socio-economic development model and, of course, that relates to the public's finances stabilising and reducing debt growth and freeing the economy to grow even faster. Relative to the deficit, this year's Estimates of Revenue and Expenditure, Government has made provision for an expected revenues of 2\$.963 billion, an estimated expenditure of \$4.549 billion. This results in an overall deficit position of \$1.586 and that is on the Accountant General's basis which of course takes everything into consideration, appreciation, depreciation of assets, bad debts and so forth. If we convert these figures on the international financial institutions or IFI basis which is the cash basis of accounting we see a projected deficit at a fiscal level of \$422 million or 4.4 per cent of GDP which estimated at market prices, stands at \$9.563. On an accrual basis, which I should remind the House is the legalised basis for accounting in Barbados now since 2008, the net operating balance is \$191 million or 2 per cent of GDP.

Madam Deputy Speaker, as I present the full figures to the House a bit later in relation to that you will see the basis of these projects are underwriting these Estimates on both sides of the ledger, revenue and expenditure. I however have taken the opportunity early to draw the House's attention to these figures because I believe they set an appropriate platform against which we can have a very intense discourse about this issue of the deficit. Madam Deputy Speaker, I really want to be as frank as I can in this situation and I feel it necessary that all of us in this House and outside of this House, those who are listening and others who may read later, need to pay very, very close attention to what is going to be said in this particular part of the speech and the figures and the situation which I will lay out.

Ever since the global crisis impacted on our economy in several deleterious ways. This Administration has been trying, not only to navigate the challenge of finding ways to boost economic growth in critical sectors but also to try to bring down that persistent gap between what we spend as a country and what we earn in revenue. Madam Deputy Speaker, in theory, the job of bringing expenditures and revenues in line while expanding economic growth appear to be a fairly simple task to many and which we are told as politicians that we seem politically unwilling, I think that is the term they use, we do not have the political will or you are disinterested in achieving this result. I often hear business people say it, you have to run the country like a business. If you are not making the revenue, cut the expenditure and balance the books. That is good for a business but with a country it is a little more difficult than that. I will point out what I mean. Others still, reduce this process to a simple issue of political will and even lacking in leadership in Government because that is the latest thing I am hearing, there is no leadership in bringing this deficit down. I want to take these few moments to describe and to analyse what it is

really that is the challenge here because this is really not an issue of political survival. This is not an issue of party over country, this is really an issue of ensuring that you do not unravel the social fabric of this society and those who talk now will have to contend soon enough with these issues in a frontal way when they go to talk with the public of Barbados about these issues, not when they are in Government, not when they are in Opposition, it is not happening anytime soon. When they go to talk to the public about these issues.

Fact number 1, Madam Deputy Speaker: The foundation of the challenges of managing public finances in Barbados did not begin in 2008. I want to make that very clear. In fact, it began years before then through a conflation of circumstances, coalesce with a wicked global recession which laid bare deep structural challenges in the domestic economy. Let me explain what I mean and to go on to permit me to analyse this relative to the category of expenditure because I want to focus on that first.

For the purposes of ??? and computation of our deficit the Ministry of Finance and the Central Bank of Barbados group these things under various subheadings or certain headings, broad categories, wages and salaries, goods and services, current transfers and subsidies, debt service, interests and amortisation, these are referred to, with the exception of the amortisation part as current expenditures and then, of course, there is the category of capital expenditures. Those are the broad categories, wages and salaries, your debt service, your current transfers and subsidies and your goods and services. Those are what make the country run. Each of these categories of expenditure is absolutely critical to functioning of Barbados because it is through these areas that the Government provisions in its Appropriations, as we are doing here in the Appropriations Bill, for the orderly and effective function of the country, how much money is allocated and spent in each of these categories can in a large part tell a story about how the country's economy and society is structured and importantly as well what the critical priorities of the day are for the country.

I make this point in all serious, Madam Deputy Speaker, because when we hear commentary about how Government must slash expenditure and eliminate spending it is often done in a manner as if we are talking about an unwarranted tree in the backyard that the neighbours are complaining about or the wife or husband is complaining about the leaves falling down and you would say go and cut down that tree or go and trim that tree. They make it seem as though it is as simple as that but it really is not. It is not simple because, Madam Deputy Speaker, in every one of these categories of expenditures, lies the livelihood of each and every Barbadians, every household and business and yes, the country as a whole, in itself. Let us see how the overall expenditure patterns in Barbados have

evolved, especially in relation to the categories that I have just identified and for the purposes of analysis I have divided it into two, in 1999/2000 to 2007, and 2008/2009 to 2016.

Madam Deputy Speaker, in 1999/2000 financial year, the Government spent \$565.5 million on Central Government wages. By 2007/2008 the amount had risen to \$752 million or by \$196.3 million a year. That is wages and salaries in Barbados. Now if you spread it over a period of seven years it is not a huge amount.

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Hon. C. P. SINCKLER: If you spread it over a period of seven years, with inflation, adjustments and so forth, it is not a huge amount. However, if you consider the fact that the bulk of the increase in the actual wages and salaries came in a single financial year, then you begin to wonder. The figures indicate the fact that between the 2006/2007 and 2007/2008 financial years, wage costs jumped by BDS\$111.5 million from BDS\$637.1 million to \$752.8 million, in a single year. I am not going to say why or what the year was or whatever but in a single year, it jumped by \$100 million, and this is immediately before the global recession hit. Under this Administration central Government wages rose from \$774.5 million in 2008/2009 to a high of \$816 million in the financial year 2012/2013 or by \$42 million. By 2014/2015, it was down to \$743.1 million or negative \$31.4 million, so wages actually have come down under this Administration since we have been in office.

Under the previous Administration goods and services outlay remained relatively contained rising from \$163 million in 1999/2000 to reach \$361 million by 2007/2008 or increased by \$198 million, which again as I said if you spread it over seven years it is not a huge increase. Adjusted for the inflation that can be considered to be a reasonable increase in goods and services. However, like the previous category of expenditure the bulk of that \$198 million or more than half, \$100 million, actually came in the financial year 2007 over 2006, so again a pattern developed that just before the recession, the worst recession in history, well certainly since the depression of the 1930s and certainly since the world war in the western capitals, we were having a situation where in very broad categories of expenditures we are having significant increases in this particular year. It is absolutely critical.

Since 2008 what has happened under this Administration, costs for outlays in goods and services have performed as follows: In 2008/2009, the outlay was \$420.6 million and by 2014/2015 it stood at \$388 million

or \$32 million less than at its peak. Since it had risen to \$361.8 million in 2007/2009, you would see that the increase to date in goods and services outlays has been very, very minimal, so when people say that this Government went on a spending spree and was spending a lot of money and expenditure was high and all of that, the facts do not bear that out, but that is another point for another time, I am making a different point on this occasion.

Relative to the debt costs, here is the picture. In 1999/2000 amortisation costs was \$248.5 million. By 2007/2008 it had reached \$463 million or \$179 million per year, while interest costs rose from \$250.7 million in 2000 to reach \$343.5 million or \$98 million more. Since 2008, there has been a huge jump in debt service costs as Government continues to run high deficits. That is why I say that I am going to be very, very balanced in presenting these. I am not absorbing this Administration from any responsibility. Debt service costs from the responsibility of high deficits, we have had an increase in debt service provision. In 2008/2009, provisioning for amortisation was \$507 million and by 2015 it had risen to \$810 million. What is of particular interest though to note is that relative to amortisation costs, there was a significant jump in outlay between the years 2009/2010 and 2010/2011, which went from \$499 million to \$821 million, a whopping increase of \$372 million in a single financial year. This Administration was now coming into office and had prepared its first Estimates for 2009/2010 but that was around the time when we made the full switch to accrual accounting and a lot of things that were off budget, a lot of expenditures and so forth and so on, had to be brought to book because we were no longer doing cash accounting, so when you see that significant jump it was not because this Government went out and started borrowing up a whole lot of things, that contributed too, but some of it had to do with the switch from cash accounting to accrual accounting.

The category of expenditure that tells the greatest story, Madam President, the one that we are really going to have the national conversation about, is subsidies and transfers because everybody talk about it. You hear the private sector, you hear the Central Bank of Barbados and you hear everybody saying to cut subsidies and transfers. That is the category that I think at one point in time we went as high as \$1.2 billion which many of us surmise is about \$200 or \$300 million too high. It really should be below \$1 billion, that is the truth. It is that category that everybody speak about, so let us talk about subsidies and transfers.

In the financial year 1999/2000 the then Government outlaid \$410 million for transfers and subsidies. By the time that Government left office in 2008 that figure jumped to \$810 million or a whopping \$567.3 million. Put another way, subsidies and transfers increased by \$71 million per

year every year from 1999/2000 to 2007/2008. In other words, Madam Deputy Speaker, the Government of Barbados, I am not even going to say that Government, I am going to say the Government generically because we are all caught up in this now, effectively created a paralleled Government. We have two Governments in Barbados. We have central Government and we have the statutory corporations, State-owned entities Government. There are two Governments in Barbados and each of the two takes significant amounts of money to run. I am making this point because we are going to get down to the nitty-gritty of all of this. A lot of people do not want to hear it but they are going to hear it today. There was a central Government and then there is a Government encapsulated in all of these statutory corporations, State-owned entities and whatever names they are called, in other words, we are running paralleled Governments in Barbados.

Madam Deputy Speaker, the reason I am pointing out all of this is because when decisions have to be made in Barbados I do not want to hear after now that people say that oh we did not know this and we did not know that and we did not understand this and nobody told us that, we want all of the facts to be laid out on the table and everybody in here and all of the ones outside that talking are going to be called upon to say what their position is and what fence they are willing to come off of and stake out a position in Barbados.

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Hon. C. P. SINKLER: Madam Deputy Speaker, since 2008 those costs have grown under this Administration as well, though they have levelled off a bit. In the financial year 2009 the outlay was \$1.137 billion for transfers and subsidies. This grew to its highest level in 2013 to \$1.223 billion. This was \$256 million more than 2007-2008. In 2014-2015 we spent \$1.059 billion or \$174 million less. It is now projected that in these Estimates we will spend \$1.119 billion, down from \$1.192 billion of the current financial year. Ma'am, that is fact number one. Madam Deputy Speaker, indeed, I think I might have made a slight error. I think I said that by 2006 under the previous Administration statutory transfers went from \$410 million to \$821 million. In fact, the figures contained herein, the Barbados Economic and Social Report, 2014, in 2007, the transfers are actually not \$821 million, that was the previous year but in 2007 they were \$977 million and therefore the jump was from \$410 million to \$977 million, which is even worse than I thought.

Ma'am, fact number two... Let us break down the numbers, let you go behind the numbers, we know we have

a parallel Government but let us get down to the whole nitty-gritty of the entire situation because I think it is imperative that we explain. What exactly is this amorphous category called subsidies and transfer? We hear about subsidies and transfers, a term of trade, but what is it exactly?

Asides.

Hon. C. P. SINKLER: You do not worry about it. We hear a lot of experts talking, we see people writing in the newspapers and talking on the radio as though they know what this is all about. Let me tell you what subsidies and transfers are about. Madam Deputy Speaker, the category of subsidies and transfers is constituted as follows, and I am using the current Estimates document as my hint so that Members can look there for the number. Here you would find support predominately for the Transport Board who usually gets about \$29 million; subsidised bus fares for pensioners, school children and members of the general public. That is the base subsidy, you get an additional money in relation to the Supplementary that comes later in the year. Ma'am, so that all the pensioners, school children and even members of the general public who get on Transport Board buses get a subsidised fare, because the fare is really... Ma'am, let me put it this way, some people have said that the real fare for Transport Board ride should be anywhere between \$4 and \$5.

Asides.

Hon. C. P. SINKLER: I am not listening to them, I paused for a cause. Madam Deputy Speaker, the bulk of that money goes to the Transport Board, so I want Members of the Opposition, Members of the Opposition outside, Members of the Opposition inside, the members of the private sector, the members of unions, members of chatter-ratty and all the other people that when you talk about slashing subsidies and transfers the first category that you are going to have to look at slashing is the Transport Board, because it is the pensioners, the school children and the ordinary workers in Barbados who have to get to work at 5.00 a.m. to go work on the west coast, the south coast or whatever the case may be are the people who benefit from that subsidy and transfer.

Madam Deputy Speaker, category number two is grants to individuals. Do you know who constitutes grants to the individuals? We put it in this Estimates at \$22 million. Do you know who is the bulk of individuals who get grants to individuals under this Heading? These are the subsidies that go to the Welfare Department to help the vulnerable, the poor, the indigent and those in poverty. It is to the ordinary Barbadians. Some of it goes towards private schools for bursaries for children who have not made it into the public schools system through the Ministry of

Education, Science and Technology, and Innovation but again in this category is the average ordinary Barbadian. Madam Deputy Speaker, when you hear people say to slash subsidies and transfers, eliminate it, reduce it, this is who you are reducing, you are not just reducing a category you are reducing certain vulnerable people in Barbados.

Madam Deputy Speaker, the next category is grants to nonprofit organisations. This is principally contributions put at \$19 million across all Ministries, to non-governmental groups in the society who receive these transfers, for example, the Barbados Cancer Society; the Barbados Diabetes Foundation; both Trade Unions; the Barbados Council for the Disabled who every time you look around are issuing a statement saying that the Government is not doing anything; the Business and Professional Women's Club; the Batters Women's Centre, all constitute grants to nonprofit organisations.

Asides.

Hon. C. P. SINKLER: Of course, it is nothing new but I am stating what the categories are, so that people understand who you are talking about. You are not talking about some nefarious set of people somewhere that nobody knows to whom this money is going.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, the biggest category of them all is grants to public institution. Madam Deputy Speaker, do you know constitutes grants to public institutions? We have put out \$644 million in grants to public institutions in this year's Estimates. Do you know where it is going? Ma'am, it is going to the Queen Elizabeth Hospital, thank you Right Honourable Member for St. Peter; the University of the West Indies; the Barbados Community College; Sanitation Service Authority, and I can go on and on and on. Madam Deputy Speaker, those are the big ones, I have a spreadsheet here and I am going to speak to them too.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, I am going to talk about it because the Leader of the Opposition said to me sotto voce, govern, govern, but we will govern because when the conversation has to be had I want everybody in Barbados...

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Hon. C.P. SINCKLER: ... We will govern because when the conversation has to be had, I want everybody in Barbados to know what it is we are dealing with.

Asides.

Hon. C.P. SINCKLER: Fair enough, for at least the next ten or 15 years we will govern. You heard the Opposition tell us to govern? We will continue governing. Thank you very much for the vote of confidence from the Member for St. James South. Do not mind him, he only has a lot of mouth now because George Connolly apparently says he is not interested anymore, but as soon as he heard that a candidate was running against him, he ran onto the radio commenting on cricket and bringing over cricket scores. "Mr. Kerrie Symmonds reporting from Holder's Hill where Ding Ding team scored 24 in reply to ABC team which scored 32." Do not mind him; he is keeping a lot of noise now. Do not mind him. I understand what the problem is.

Asides.

Hon. C.P. SINCKLER: This is the category. These are the people: the Queen Elizabeth Hospital, National Conservation Commission, Sanitation Service Authority, University of the West Indies. These are grants to public institutions. This is the bulk of it, \$644 million. I want you to know something, Madam Deputy Speaker, because I have done all the research. Are you aware, and I will say it further down, that of the \$644 million we have provisioned in here for these State-owned entities, just under \$500 million goes to pay salaries, wages, pensions and debts. Almost \$500 million of the \$644 million. Can you imagine that? This is what we are talking about. This is not anything that is easy, but let me move on because I am going to get to that. Subscriptions and contributions is another category under Subsidies and Transfers, provisioned at \$29 million in the Estimates this year, and who does this go to? World Bank contributions, International Monetary Fund capital increase contributions, Inter-American development Bank general capital increase contributions, United Nations, CARICOM, World Postal Union, all of the things which Barbados belongs to and which we have to pay fees to, locally, regionally and internationally. That is a subsidy and transfer under Subscriptions and Contributions. It has always been happening. I am getting to the point.

Asides.

Hon. C.P. SINCKLER: The next big category is Retiring Benefits. Madam Deputy Speaker, do you know what is retiring benefits? Retiring benefits is public servants' pensions. It is \$270 million and, yes, there is a fairly sizeable jump in it because more and more people have been leaving the Public Service because we are now into the "baby boomer generation". A lot of people -

teachers, police officers, doctors, nurses and so forth - went into the service very young; some at 17 and 18 years old. They have completed their thirty-third-and-a-third year, they have qualified for full pension and they are coming out. Two hundred and seventy million dollars. In fact, I believe somewhere in the speech we make the point that in 2014-2015 some 609 came out of the service, and last year 2015-2016 it was 683 persons coming out. That is a significant number of persons to come out of the service at that time. The other benefits account for \$107 million. Retiring benefits of public servants' pensions account for \$270 million, and other benefits which include gratuities which you have to pay at retirement and old-age non-contributory pensions account for \$107 million.

The last category in there is Statutory Grants to Individuals, \$4 million, made up mainly of the scholarships that we give out every year for National Scholars, and there is something which the Welfare Department gives out called a National Assistance Grant through which you get a temporary food voucher from the Welfare Department. That is captured under Statutory Grants to Individuals. As you can see, this category is very wide but is an extremely sensitive category of expenditure. In fact, Ma'am, with only a few exceptions the target groups touched by these transfers are largely the poor and vulnerable. In the case of State-owned entities, there are significant segments of the population to which critical national and social economic goods and services are given. Those goods and services include transport, education, healthcare, water, sanitation, tax administration, investment promotion and marketing. This is what we are talking about, and even though time would not permit me to go into each subcategory, it is instructive to look at a few of those categories in this regard.

Aside.

Hon. C.P. SINCKLER: No, I am not going to talk forever but I want to speak, Madam Deputy Speaker. I am going to make this a Document of the House too. This is a sheet which I have had done up by the staff in the Ministry of Finance to just run some of the numbers in relation to the State-owned entities so that people can see the level of spending which I am talking about. I will give you a copy of it. In terms of the state-owned enterprises (SOEs), the big ones, there are the Transport Board, Queen Elizabeth Hospital, Sanitation Service Authority, Barbados Tourism Authority now Barbados Tourism Marketing Incorporated, Barbados Agricultural Management Company, University of the West Indies, National Conservation Commission and Caves of Barbados. Those are the ones that we have put in because those are the larger ones.

Asides.

Hon. C.P. SINCKLER: In 2000-2001, Transport Board was getting \$16.2 million. By 2008-2009 it was getting \$40 million. It went as high as \$45 million in transfers. This is actually an expenditure. This is actual money which the Accountant General would have paid out. Forty-five million dollars in 2005 from \$16 million in 2000. QEH in 2000 got \$85 million from the Government, in 2001 it got \$96 million, in 2002 it got \$96, in 2003 it got \$113 million, \$115 million in 2004, \$111 million in 2005, \$130 million in 2006-2007, \$138 million in 2007-2008, \$159 million in 2009, \$145 million in 2010, \$155 million in 2011, \$212 million in 2012 was given to the QEH, and a large proportion was money borrowed from the NIS and given to the QEH to replace and upgrade its electrical system which had gone bad by that time. That is why you see that significant jump. I think it was \$30-something million when it went up to \$212 million.

Asides.

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Hon. C. P. SINCKLER: ... \$177 million in 2013/2014, \$163 million in 2014/2015 and it is now at 2015/2016 the last year for which we had audited statements \$160 million so basically.

The Sanitation Service Authority went from \$23 million in 2000 to a high of \$53 million in 2007, more than double the amount. It went as high as \$61 million in 2011 and, of course, that is when the SBRC project came on stream for SSA and we have now been able to management it now to a level of BDS\$55 million.

The BTMI We hear the private sector people in tourism talking bout they do not tell you that in 2000 the Right Honourable Member for St. Peter apportioned in his Estimates \$48 million for the Barbados Tourism Authority. By 2004, it had risen to \$73 million to help market Barbados and bring tourists to Barbados so that they could go into hotels and people could make money off of it. By 2008, under this Administration it went to \$100 million so from \$48 million to \$100 million is how much money we pumped into tourism marketing in Barbados. We have subsequently brought it down to around \$96 million between the two entities, the marketing and the product entity. Do you know people walk around saying, the Government, the Government, the Government, the country, the Government and this is something that if we really want to talk about cutting I feel that the tourism people who make a lot of money should be contributing a little bit more to the marketing of the country. That is a conversation that we can have if people want to have that

conversation because I think that the Government has shown and demonstrated across all Administrations that we have been committed to marketing Barbados for basically private hotel people and private communication people but this is what we are talking about.

Let us go to the University of the West Indies (UWI). In fact, before I go to UWI, let me say a word about the Barbados Agricultural Management Company Limited (BAMC). The BAMC started having struggles in paying its bills around the year 2012 and they came on to the Government books. It was \$26 million in 2012/2013, this is the Barbados Agricultural Management Company Limited. This is the company that is responsible for managing sugar, Madam Deputy Speaker. They had troubles financing their operations and came on to Government books in 2012/2013 because we did not want the sugar enterprise to collapse. It went from \$23 million in 2012/13 to \$35 million in 2013/2014 and then to \$55 million in 2015/2016 and that is not the total amount of the money. That only represents the debt service part of the BAMC operations, debts which were largely incurred over a number of decades that the Government of Barbados is now paying back. In fact, this current fiscal year but next calendar year, in February, the Government of Barbados has to pay back a bond of \$60 million. Last year, I believe in February, we had to pay back one of \$60 million. This is going to be the second payment of \$60 on that bond that was borrowed in 2001 to support sugar operations in Barbados under the BAMC, so when we are talking about subsidies, transfers and cutting, understand what we are talking about. I understand from the people in agriculture that about 3 000 to 4 000 odd people still work in the sugar industry at varying levels so if you are talking about slashing this down, understand that you are affecting the livelihoods of 3 000 to 4 000 people directly and indirectly working in the sugar industry in Barbados.

Let us go to the University of the West Indies (UWI). I had a spread sheet here that I wanted to get to but I do not see it any longer but I am going to use this one that I have here, Madam Deputy Speaker. It is important that I find it and I can maybe find it in my email on my phone but I wanted to make the point on the UWI in terms of the expenditure. In 2003, the Government of Barbados expended or transferred \$60 million to the University of the West Indies. By 2006/2007 it increased to \$96.8 ... Here it is. Between the years 2000 and 2008, Madam Deputy Speaker, I want you to listen very carefully, Barbados spent \$701 582 719.95 with the University of the West Indies as a transfer. Between 2008 and 2016/2017 the Government of Barbados spent \$1 141 352 393.43 at the University of the West Indies. The previous Government between 2000 and 2008 spent \$700 million so you are talking roughly \$1.8 billion have been spent in transfers to the University of the West Indies and this transfer is made up of economic cost, tuition fees, grants and scholarship between 2000 and

2008 and, of course, you know that we dropped tuition fees in 2013/2014. This is what we are talking about. Let us go down here. We talked about slashing transfers, let us talk about which transfers we are going to slash.

As I said, \$60 million in 2000, \$63 million in 2001, \$64 million in 2002, \$68 million in 2003, \$86 million in 2004, \$115 million in 2005, \$121 million in 2006, \$120 million in 2007, \$140 million in 2008, \$197 million in 2009, \$120 million in 2010, \$97 million in 2011, \$118 in 2011, \$178 million in 2013, \$105 million in 2014, \$92 million in 2015 and \$96 million in 2016.

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Hon. C. P. SINCKLER: This is how much money we are talking about, so when we are talking about subsidies and transfers we are talking significant sums not just to ordinary activities, but to tertiary education. A couple years ago the Government of Barbados seeing how much this cost was rising asked the students to contribute a little bit to their tuition fee and every Member of the Opposition in here especially the Honourable Member for St. James North slaughtered the Government of Barbados for asking students to pay a little bit of the tuition fee. The conservation is going to have to be had as to whether and how the Government is going to be able to afford giving these large amounts of transfers so when people are talking about cutting transfers and subsidies this is what they are going to be talking about folks. Whether we talk about it now, next month, next year or next election, this is the conversation that is going to have to be had and everybody is going to have to stand up and say... If you are not prepared to cut salaries because you cannot cut salaries because that is unconstitutional, the last Government took that out of the fiscal managers tool box; if you cannot cut debt because you got to pay all of your debt on time and in full unless you do some kind of programme; if you cannot cut pensions, these are the categories, because pensions is deferred salary considered to be property; if you do not want to cut the Welfare Department vote because you do not want not hurt the poor and the indigent; if you do not want to cut the Transport Board because selling it sounds pretty, like you hear people saying to sell the Sanitation Services Authority...

Asides.

Hon. C. P. SINCKLER: The Honourable Member for St. Andrew says to raise bus fares so at least we know what he would do.

Mr. G. W. PAYNE: On a point of order. The Honourable Member is misleading the House. I was Minister of Transport and Works with responsibility for the

Transport Board and that was far out of my mind. I have not spoken in this debate. I do not have any opinion on that.

MADAM DEPUTY SPEAKER: No point of order.

Hon. C. P. SINCKLER: Well, I do not want to trouble the Honourable Member for St. Andrew, what I would say is that the conversation has to be had. I wanted to define the categories of subsidies and transfers: welfare grants, university education, subsidised bus fares, pensions and salaries. This is what we are talking about, so if we want to talk about bringing down the deficit and if people want action on cutting subsidies and transfers I want it to be plainly said in this debate that this is the category that we are dealing with and who will be affected. Every person in here, Members of the Opposition, Members of the Government, Members of the Senate and members all over Barbados are going to have to say... Do not get on call-in programmes when you are questioned about what your policies are and say that you are a 70-year old organisation and people got to trust you. No, no, no, that is not cutting it. Come to the plate and say in this debate what areas of statutory transfers you want to cut and which you would advise the Government to cut to help bring the deficit down. We want to hear from the Opposition on these issues. Do not hide behind the veil and say oh Government must do this and Government must do that and I am disgusted. Be disgusted enough to say what you are going to do to bring the deficit down. We are open up for all suggestions and we want to hear. There is no more fence-sitting, no more muck-raking, no more pseudo scandal and throwing things at people and hiding behind all of that. Come to the board and tell the people of Barbados how you are going to cut this category and from which of these subcategories in subsidies and transfers you intend to cut.

Asides.

Hon. C. P. SINCKLER: They are rattled. I am going to pause for lunch because there is a lot more to be said in this debate.

Asides.

Hon. C. P. SINCKLER: Talk to the public of Barbados, not me. Everybody have formed their opinion on Chris Sinckler. Talk to the public of Barbados and tell them what you intend to do, not that I am a 70-year old organisation and you got to trust me, we have done well in the past. We want to know what your programme is for bringing the deficit down.

Madam Deputy Speaker, with those words...

Hon. Miss M. A. MOTTLEY: On a point of order. The Honourable Member really must stop misleading this

Chamber into understanding and accept that under our system of Government the Government must govern, it is not the Opposition that governs.

MADAM DEPUTY SPEAKER: No point of order.

Hon. C. P. SINCKLER: Madam Deputy Speaker, I do not know what kind of point of order that is. Imagine a leader of a major political party which is 70 years old can get up and offer no suggestion as to what their plan is and say that the Government must be the Government. Well, we will stay in Government and govern.

SUSPENSION

Hon. J. D. E. BOYCE: Madam Deputy Speaker, I beg to move that this Sitting be suspended until 2.30 p.m. today.

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

The question that the Sitting do now suspend until 2.30 p.m. was put and resolved in the affirmative without division and MADAM DEPUTY SPEAKER suspended the Sitting accordingly.

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12.44 p.m.

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RESUMPTION

Madam DEPUTY SPEAKER: Good afternoon, Honourable Members, this Sitting is resumed. When the Suspension was taken we were on Order No. 20, and with that we shall continue. The Minister of Finance and Economic Affairs.

Hon. C. P. SINKLER: Madam Deputy Speaker, when we closed I was making the point relative to the State-owned entities or the SOEs as we call them and generally the category of statutory transfers and subsidies, I am making the point that when we engage in discussion about adjusting expenditure, cutting or adjusting or whatever terminology we want to give to it, we have to be very, very clear in our minds and we have to speak very frankly to the Barbadian people so that they understand what exactly we are talking about. Madam President, I think that this point cannot be emphasised too much or reinforced too often because we are really talking about the core of Barbadian society, the core of our developmental model -- health education, social welfare, transport, water, we are talking about very critical goods public goods and services that keep the fabric of this society together.

Madam Deputy Speaker, one may make the point, as some people have said, that we do not need an entire parallel establishment or staffing outfit or a physical outfit to deliver each of these services and that we should look towards organisational synergies relative to the deliverance of these services, but if you look at the core services that occupy the largest proportion of the expenditure of the \$644 million under the category of State-owned entities they are not really the ones that we like to talk about or that are bandied about in our speeches very often. It is not the Urban Development Commission, the Rural Development Commission, et cetera. Those entities exist and we do make outlays for them but they are really insignificant outlays. Well, I should not say insignificant, they are not as significant an outlay, I think that is a better way of putting it, because the moneys given to these entities do go to help ordinary Barbadians in Barbados who may from time to time fall into difficulties or who may in some other way or the other. Ma'am, they are not the real significant part of it, 80 per cent to 90 per cent of the transfers go to some very core agencies in the State-owned entities: the University of the West Indies, not a State-owned entity but is considered as a transfer; the Queen Elizabeth Hospital, the National Conservation Commission; the Sanitation Service Authority, Barbados Tourism Marketing Inc., Transport Board, et cetera. These are all core elements of what we today consider to be Barbados.

Madam Deputy Speaker, when one speaks about addressing them, one has to be extremely careful between striking a balance, containing expenditure or financing the expenditure, which is a point that needs more exploration. Ma'am, it is not about just cutting them because you cannot cut any healthcare provision to any significant degree. If the hospital requires \$160 million or \$170 million per year in order to be able to function effectively, you cannot give it \$120 unless you are going to do something else to finance it, whether it is by a public health insurance scheme, or by asking people to pay user fees, or if you are going to drop some of the services that it provides, in the sense that those services will only be accessible to people who have insurance or who have the resources to purchase them. Ma'am, those are the kinds of options that are going to have to be discussed.

Madam Deputy Speaker, I make the point about healthcare. Ma'am, Donald Trump all over the United States of America was saying that when he became President that he was going to reform the entire healthcare system of the United States of America, that he was going to repeal Obamacare. Ma'am, it is said that the healthcare system occupies about one-sixth of the United States of America economy, but Donald Trump was saying that it was going to be so easy to be done, that we were going to do it 'bigly', I think that is the word he used.

Madam Deputy Speaker, only last week or the last couple of week while now having to deal with the replacement for that Obama Care, you would not believe the words dropped from President Trump that he had never realised this whole thing about healthcare was so complicated and difficult and so hard. Only a few months ago President Trump was saying that it was going to be so beautiful, that they were going to cut this, that he was going to repeal that. Ma'am, it sounds like my friend, the Honourable Member for St. Michael North East, the Leader of the Opposition, who seems to be saying just give them the chance and they will do it, for it is going to be so easy, just change the leadership, just change the Government and they were going to get all of these things done, that it is going to be so easy, that it is going to be beautiful, that they are going to change it 'bigly'. Ma'am, it is not as simply and easy at it sounds. Madam Deputy Speaker, it is not easy to contain costs at the Queen Elizabeth Hospital unless you are going to do things which are....

Madam Deputy Speaker, it is perhaps not known by many people in Barbados that somewhere around 68 per cent of the cost of Queen Elizabeth Hospital goes to salaries and wages. It does not go to pay for pharmaceuticals, drugs, bandages, nail clippers nor syringes, but to pay people such as doctors, nurses, medical technicians, the Administrators, the maids, kitchen staff and orderlies. Therefore when people are talking about let us cut, I say to them, fair enough, it sounds good, but let us meet and determine what it is that we are going to deal with.

Madam Deputy Speaker, politics aside, we have to be frank with the Barbadian public. If the Queen Elizabeth Hospital is offering 15 different interventions, for example, ophthalmological, does it need to do all of those? Should all 15 interventions be accessible free of cost at point of delivery without insurance? These are the kinds of questions that have to be asked and answered in relation to this exercise.

2.48 p.m.

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Hon. C.P. SINCKLER: ... These are the kinds of questions that have to be asked and answered in relation to this exercise. If you are speaking about the Transport Board transporting people, all right, they say, "Do not do free bus fares for the children. That was a mistake. Pull back the free bus fares for the children." That is \$6 million, I think; about \$6 or \$7 million. It is about \$8 million for the pensioners. "Eliminate free rides for the pensioners and the

schoolchildren." Do you know you are going at the heart of the vulnerable in this society? Even if you do that, that is \$14 million. Fourteen million dollars cannot solve a \$1.5 billion deficit problem. It really cannot. You are cutting out the heart of the country. Folks, I want people to understand this. It is not like the Government is palavering around; and that we do not want to do this and not want to do that. At the end of the day, these difficult decisions have to be made, but people need to understand who is going to be impacted on by these decisions.

Madam Deputy Speaker, I therefore submit most respectfully that when we are speaking, especially people in the private sector and others who say, "Run Government like a company. When I had a problem with my company last year, I decided I was going to cut costs," that sounds good. That sounds very good. It sounds pretty but I will tell you, it can put a stiff lash in a lot of people around here. In Education, we did the tuition fees and we were slaughtered for it, but you know that economic costs represent 80 per cent of the education cost per student going into the various faculties of the University of the West Indies. The tuition costs could vary between \$5 000 and \$6 000 for the regular faculties such as Humanities and Social Sciences and so on, and it can go as high as \$10 000 per year for medicine. That is what it is, but the other 80-somebody per cent of the costs is met by the taxpayers of Barbados. If you will attack the University -- and when we say "university" we do not just mean Cave Hill because people automatically feel we mean Cave Hill -- we mean the entire university system. We are talking about not just the Campus at Cave Hill. We are talking about the Campus at Mona, we are talking about St. Augustine, we are talking about the Law School, we are talking about the Medical School, we are talking about the Engineering School, we are talking about the Meteorological Institute, and we are talking about the entire gamut of institutes and schools at that University of the West Indies. If it is said that to be on the cutting-edge of development in a modern society you need to have heavy investment.... I heard Professor Hilary Beckles, the new Vice Chancellor of the University, making the point that Barbados and the Caribbean are slipping behind what is considered to be the acceptable standard for investment at university level. If you take that off the list and you take QEH off the list, you are talking about more than \$300 million off the \$644 million already.

Then we go to the Sanitation Service Authority, Madam Deputy Speaker. The Sanitation Service Authority's cost, as we see here listed, is \$35 million, if my memory serves me correctly, but the true cost of the waste management stream is really about \$60 million. It is \$62 million, half of which goes to the Sanitation Service Authority proper or just under half, and the balance goes towards treating garbage. We have been through this, and I am not going through it again. We know exactly how we got there, why we are there, and how we have to deal with

these matters. I introduced a Municipal Solid Waste Tax in Barbados and was roundly abused for it. There was even a march against it, and the Labour Party claims a victory and says that is the reason why we reversed it. Fair enough. You won a victory, if that is the truth. I do not believe so, but if that is what you feel, fair enough. We then asked people to pay a tipping fee to help with the costs and the same people jumped up again and said, "We do not want to do it," and encouraged waste-haulers to dump waste all over the country. I am not saying the Labour Party did that. You did not do that, but it happened. I remember there was a protest and waste-haulers parked their trucks along some road protesting paying \$25 -- just \$25 -- to contribute, and some of the same people who protested collect the \$25 from the private people who have their waste and still go and dump other than at the waste station. They held a big protest and put all the trucks there. The truth is that when the police checked some of them, their Road Tax was not paid because the Road Tax was expired for a couple of them, too. They put the trucks up there and they protested that, Madam Deputy Speaker. They did not want Municipal Solid Waste Tax to help finance the costs of the \$62 million. They did not want the tipping fee to help finance the costs of the same \$62 million.

Every time you try to find a way, Madam Deputy Speaker - this Government has tried to find a way to reduce the expenditure that we have to outlay for these things -- we meet with the stiffest opposition from the official Opposition and from other people outside. They say, "Oh, this is an unreasonable Government. Oh, this is an uncaring Government. Oh, this is that." Then the same people come back, speaking from the other corner of their mouth, and say, "Oh, look at the downgrades. The Government cannot bring the deficit under control. They are spending too much money. They are not doing this. They are not doing that." You can never win with some of these people. In the meantime, they are not making any recommendation as to what they would do except, to be honest, I heard the Member for St. James Central say it and I heard the Member for St. Michael North East say it, that when they become the Government -- whenever that is -- they will restore tuition fees at the University of the West Indies. It is now \$96 million; maybe a little more that \$96 million now though. It is \$112 million, I think, if my memory serves me right, Minister of Education, which we give after you come back for the Supplementary. We programmed in the Estimates for \$71 million but the last year we averaged \$96 million; so the same people who are saying we should cut subsidies and transfers and bring the deficit down are saying that when they get into Government, they will add back another \$35 million to \$40 million to it. Then they say, "We want fiscal prudence," and that the Government has its priorities wrong. They say \$35 million is just a small amount of money, but we know differently. Under the last Administration....

The time for all the chit-chat, the fence-sitting, the hiding behind the veil, the "wait until I am elected to let me tell you when it is", and the "I will bring out my Manifesto two weeks before the Election," are done. Those days are done. You have to talk now. Let the public hear what you are going to do. If it is that you are still very much invested in the recommendations of the Shorey Report, which was commissioned by the then Administration, more specifically by the Opposition when the Honourable Member was Minister of Education, that recommended that tertiary and university education in Barbados should be done on an "as paid" basis -- in other words, privatise because you can privatise education like that too -- and if the Member is still of the view that we should pay to have university education, or if the Member supports the recommendation of that report which was commissioned.

2.56 p.m.

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House D 7A Seq 18 2.56 p.m.

Hon. C. P. SINCKLER: ... that recommended that tertiary and university education in Barbados should be done on an as paid basis, in other words, privatised because you can privatise education like that too. If the Honourable Member is still of the view that we should pay to have university education or if the Honourable Member the recommendation of that report which was commissioned ...

Hon. Miss M. A. MOTTLEY: On a point of order, Madam Deputy Speaker, the Honourable Member is misleading the House. The recommendations of the Surrey Report were never accepted neither by myself as Minister of Education or the Cabinet of Barbados.

Hon. C. P. SINCKLER: The report was commissioned and I am surprised that we do not all have a copy of it. Was it made a document of the House? I am going to make it a document of the House, Madam Deputy Speaker, because we need to have the debate. I am saying if those views are views and recommendations that were put on the table, I do not want them concealed anywhere. A report was done by the former Governor of the Central Bank but it is a report that was done and it made certain recommendations relative to bringing down the size of the public service in Barbados.

I am saying all views must contend just as people would tell you go to the IMF, we are going to hear that because, as you know, there is this latter day love affair with the International Monetary Fund (IMF). I do not have a problem with the IMF. I have seen them work up close and personal under the last DLP Administration when Mr. Erskine Sandiford, now Sir Lloyd was Minister of Finance and since then when I was in the NGO Civil Society

Organisation I worked very closely with the IMF staff and the World Bank staff at the Caribbean Policy Development Centre and on many IMF programmes around the world not just in Barbados so nobody has to tell me about the IMF. I know the IMF well. I know that they have changed to some degree because I participated in some of the reforms for the creation of what is now known as poverty reduction growth facilities. I sat on several panels that discussed those things before they even actually became policy of the IMF and the World Bank so nobody cannot tell me about the IMF and the World Bank. I spent most of my 14 years in the NGO sector in Washington D.C., three quarters of it down there and the rest dealing with WTO issues so nobody has to tell me about the International Monetary Fund (IMF). I know exactly how they operate. I know there are staff views, I know there are front office views and I know there is an Executive Board view and sometimes the three of those do not see eye-to-eye. The staff may tell you, oh, yes, we agree with the authorities that a devaluation is not what Barbados needs and it would not work in Barbados, but by the time you get to the front office staff, it is an entirely different story and when you go further up to the Executive Board the fellow say do not come back unless you are bringing one. I know these things. Nobody has to come to lecture me about any IMF, I am very familiar with the characters therefore I want these views to contend because we have a chance in Barbados, as I said, as leaders, Madam Deputy Speaker, to be brutally frank with the public of Barbados. Whatever the costs are, we have to be frank with the public of Barbados and let them know what the position is. When you review the 2002 Article IV Consultation Report on Barbados because you know in those days Barbados was doing reasonably well ...

Asides.

Hon. C. P. SINCKLER: I know it would be a document of this House, the Article IV Consultation Report for 2002 where the IMF made the view -- and I believe this is a document of the House but if it is not, I will print it and have a made a document of the House -- in which the IMG stated at paragraph 14: "In view of the need for a substantial upfront fiscal adjustment to achieve sustainability and of the risks in the external environment, staff recommended several immediate measures to the Government of the day."

Asides.

Hon. C. P. SINCKLER: This was when you had your challenges but that is not the point I am making. That was after 9/11 when they had the dip, the deficit went up to 9 per cent, the Honourable Member for St. Peter ran the countercyclical policy to try to get the economy and utilise on spending. This I know.

Freeing public sector wages and hiring except as part of productivity enhancement reforms in critical areas such as education. Adjusting retail petroleum prices automatically to pass through fully the changes in import costs and halting non-essential public investment particularly the construction of a major hotel and privatising existing Government interest in hotels which meant the GEMS. Do you understand what they are saying? This is the IMF that everybody want to cosy up under you know? This is what the IMF was telling them, do not build the Hilton, do not hire anybody, freeze public servants wages, halt nonessential investment in public entities like the construction of a major hotel and the privatising of existing Government interests in hotels. This is what they said quote unquote: "The authorities were reluctant to adopt these measures immediately as they are politically sensitive and in their policy statement seek to address the underlying issues through alternative means." That means no, we are not doing it because it is politically sensitive and we will go in other directions.

The point being made here is that some of these issues ... In 2001 and 2002, the Government was dinging with the decline in the economy with a higher fiscal deficit with challenges in its economy. The IMF rode in here in an Article IV and gave them some very stiff recommendations and the Government said no, no, no. At this time, we are dealing with an even worst recession, in an even greater decline, in more significant loss of value and this Government because we chose to go an alternative path is being harassed out of office. We would not be marched out of office ...

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Asides.

Hon. C. P. SINCKLER: You do not worry about it. I cannot read through all of this. I am going to let people go through and read it. It goes on to talk about wage increases, that the Government is not going to do wage increases; that it is going to restrain public sector wages; do direct tax reforms, the tax reform which we had to end up doing; have a tax study, which we ended up doing; and that the authorities intend to streamline public sector employment through attrition. That is what they said in the Article IV Consultation Report in 2002. Of course, we could see from the figures that I have presented that that particular part of it never quite happened, but that is what they said they were going to do. The point is not to criticise anybody, it is to say that these issues have been facing us structurally for an extended period of time and that there have not really been concretely dealt with and it has to come.

They spoke about petroleum prices and doing a direct pass through so that the public pays what the rest of the world pays for the fuel or the prices that you get it at, but instead the Government went in the opposite direction, because they did express their view and I respect them for expressing their view that fuel was too critical a part of the economy to allow prices to just rise like that, and took a policy decision that they were going to subsidise the increase in petroleum product prices and oil prices bought at the market at high price and to the extent where the Barbados National Oil Company Limited ended up with a debt of close to \$160 million and then we had to go and borrowed a bond from the Republic Bank and put on a Cess and pay it back. The Government expressed their view. They said look given what is happening in this economy and given the importance of energy and fuel to the economy we do not support this direct pass through of pricing, we feel the public should be shielded from it.

The Government took a decision, we can argue whether that was the right decision or the wrong decision or whatever, and acted on that decision to the extent where it almost financially compromised the integrity of the oil company and when we came into office we had to deal with it. I am not attacking the last Government nor am I attacking the Leader of the Opposition nor the former Minister of Finance and Economic Affairs or Honourable and Prime Minister. I am not attacking anybody I am laying out the facts as they are. We got to deal with these things. We cannot run away from it any longer. One Honourable Member has voiced to me when. Well, now is the time but we all have to state our position very, very, very clearly and get to the point where we bring some sobriety to what is going on in terms of our discourse relative to this.

We are talking about SOEs. Near \$500 million, \$487 million, goes towards salaries and wages, human bodies to teach the nation's children, to nurse and heal the sick, to collect your garbage and my garbage, to deliver clean water to households and businesses, to protect the environment, to transport men, women and children, workers and the elderly, to market Barbados' tourism, to invest in our product that we could earn foreign exchange and to collect tax revenue to regulate financial companies and protect the public's interest. This is where the money goes. The \$144 million that is left is what that goes to do.

When CLICO collapsed, there was a big hue and cry legitimately as there ought to have been. Madam Deputy Speaker, one of the big things that came out of that was that the levels of, the consistency of and the capacity of our entities to do regulations of those large cross border insurance companies was not up to scratch. The last Government recognised it too because they started the work that eventually led under this Administration to the creation of the Financial Services Commission, the

Financial Services Commission, so that something like a CLICO should not, I say should not with all good intent and purpose, recur in Barbados, but do you know that the Financial Services Commission is a statutory transfer too, that the money has to come from inside central Government for those people who go out there and regulate those entities.

The last Government developed and approved the Cabinet Papers and the proposals for the creation of the Barbados Revenue Authority even though they got some of them now in that Administration who want to run left side and pretend that they do not know anything about it. Do you know, Madam Deputy Speaker, that the Barbados Revenue Authority is a collection of legacy agencies from within central Government, so that too is a statutory transfer? The taxes that are collected are done by statutory transfers. The insurance companies and financial institutions that are regulated other than by the Central Bank of Barbados are done by statutory transfers. The Queen Elizabeth Hospital was a Government department and it became a statutory transfer when it was created into a Board by the last Administration, not this one, so when people talk about statutory transfers let us know what you are talking about.

The truth is that they corporatized the Airport. I complained to my colleague, the Minister of Tourism, all the time about it and he shakes his head with a smile because he knows what I am saying is true. We moved the Airport from under Government and created GAIA Inc. but do you know that all of the revenue streams go to GAIA Inc. and the central Government retains a substantial part of the costs. The air traffic controllers, the security and all of those things are provided by central Government. Central Government through the Division of International Transport makes provision for installations at the Airport but the Airport collects all of the money and a cent does not come to the Government of Barbados, so we have the costs and they have the revenue, and that is the point. I am not saying that is a bad thing because the Airport authority is actually doing a very good job, they have been making a lot of profits, and I intend as Minister of Finance and Economic Affairs, as I think we should rightly do, to ask them to declare a dividend and pay it or accept the costs that are residually left to central Government that should be covered by the Airport. When they want a Doppler radar for the air traffic control, central Government should not be paying for that, the Airport should pay for it, that is my view. That should not come out as a statutory transfer from us, that should be paid for by the Airport since they are making money. They should pay for it because we no longer get the revenue for the departure tax and the other things they have up there. If, based on international standards and requirements, you have to put in substantial investments in security at the Airport for Customs and Immigration and all of those other things that we have to

do, I am saying that we could carry that cost but something has to come out of it for Government. There has to be some type of charge or some kind of revenue stream for Government even if it is on a shared basis because we cannot keep accepting all of the costs and the entity getting all of the resources. We have to find ways to reduce Government's outlay of expenditure, so I am not criticising the move, I think the move...

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3.16 p.m.

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Hon. C. P. SINKLER: Madam Deputy Speaker, we have to find ways of reducing Government's outlay of expenditure, so that I am not criticising the move, I think the move is the correct move, corporatise both the airport and the seaport, that is the correct move to be done. They do not get a statutory transfer from Government in that way, they get some of those costs paid through the Division of International Transport and that has to be addressed.

Madam Deputy Speaker, so that these are the things that we need to look at when we are speaking and looking at this matter but when you talk about this core, I want Barbadians to understand, the children who have to be taught at the Samuel Jackman Prescod Polytechnic and the Barbados Community College; the nurses, doctors, medical technicians, et cetera, that are required at the Queen Elizabeth Hospital; the refuse collectors at the Sanitation Service Authority; the people at National Conservation Commission who have to clean and keep the country in a state of proper repair; the people who market Barbados' tourism in Europe, New York, London and Canada, these are the people who constitute what we call subsidies and transfers of a significant proportion. Madam Deputy Speaker, when we talk we have to talk about all of these, let there be no mistake about it, when you hear that recommendation coming, I want people to understand what exactly we are talking about. Ma'am, also there must be a proposed national consensus on these issues as far as the economy is concerned and all voices must be heard on these issues. There must be no time for fence-sitting, there must be no hiding behind marches or attacking the Government, we want people to come out and talk.

Asides.

Hon. C. P. SINKLER: You said you are ready? Well, we are ready to hear it, let the public hear in this debate what are your recommendations for transfers to the University of the West Indies -- I hope that you all are writing it down -- how you are going to do it for the Sanitation Service Authority, what you are going to do for the Queen Elizabeth Hospital, what you are going to do for

the National Conservation Commission, how you are going to service the debt at Barbados Agriculture Management Company, how you are going to deal with all of these things. If you are going to finance them we want to hear. If you are going to cut them we want to hear, because since this Government has no ideas, this Government is opened for ideas and we are willing to accept any.

Madam Deputy Speaker, I am going to tell you that the time for everybody, not just the Opposition, but the unions, the private sector, the rest of civil society because the time for prevarication is over. The Government is going to lay out a comprehensive plan in another few weeks, before the end of May, as it relates to some of these issues and we want to hear, starting with this debate...

Asides.

Hon. C. P. SINKLER: This is the debate, do not set it down, we want to hear about it. Let us hear about wages and salaries, which is the next big category of expenditure.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, I understand. Let us hear, the country is waiting with baited breath to hear from the Honourable Member for the City of Bridgetown what the Honourable Member's plan is for the Sewerage Treatment Plant located in Bridgetown. We want to hear about the Honourable Member's support for the Hyatt Hotel which we know the Honourable Member quietly supports. In fact, the people in the London Bourne Towers say they do not know why people are keeping so much noise, to start the hotel, they want to have a job there. The Honourable Member for the City of Bridgetown is out marching, talking about the Hyatt and there are people in London Bourne Towers in the Honourable Member's constituency want the hotel to start, that they want work there.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, do not worry, the Honourable Member's time is coming. The Honourable Member is a little 'trembly'. The Honourable Member for the City of Bridgetown is walking around, they now call him the "pop up" Member of Parliament. Madam Deputy Speaker, ever since they held a Christmas party in Queen's Park when the Honourable Member was at the gate peeping in, the Honourable Member is now popping up at every function, the Honourable Member is popping up all over the place wanting to know if people want their light bills paid, MC-TV paid and all of these things. I do not mind, those are things that you have to do.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, imagine there was one little even in the city and the Honourable Member for the City of Bridgetown held a movie night and called it a children's party.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, do not mind Honourable Member for the City of Bridgetown keeping noise, I have never seen the Honourable Member so agitated yet. The Honourable Member usually sits there very quiet and with a smile on his face, now all of a sudden the Honourable Member is getting agitated.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, the heat has not yet been turned up on the Honourable Member for the City of Bridgetown, it will shortly. I am bringing north-west to the city, the Honourable Member is going to understand and will soon enough bring some Christian understanding there.

Asides.

Madam DEPUTY SPEAKER: Honourable Members, can we have some order in here, please? The Honourable Member for St. Michael North West, please continue with the Appropriation Bill, 2017.

Hon. C. P. SINKLER: Madam Deputy Speaker, the Honourable Member for the City of Bridgetown is out there abusing me, asking if I think the Honourable Member is not afraid of me. I do not want the Honourable Member to be afraid of me, I am all love, Sir. Ma'am, I am all love. Do you think eating cow souse on Tuesdays in the Bay Land will get you back into the House of Assembly, no, you have to do some serious work down there because I am coming there for you. I want to put you on notice.

Asides.

Hon. C. P. SINKLER: The Honourable Member is saying that he is not a sweetbread, but the Honourable Member is "Billy Miller light" with artificial sweetener. Believe what I tell you, I am coming down there for you.

Asides.

Hon. C. P. SINKLER: Madam Deputy Speaker, let me continue. Madam Deputy Speaker, in all seriousness the country wants to hear from people, they want to hear from all of us, politicians, business leaders, et cetera, because the time has come for us to do the talking.

Madam Deputy Speaker, are you aware that by simple calculation a category of expenditure that we cannot

cut, which is one of the largest, is that of wages and salaries. It is unconstitutional to cut them.

3.31 p.m.

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Hon. C.P. SINCKLER: ... This is one of the largest: Wages and Salaries. It is unconstitutional to cut it. If you add -- where is my little piece of blue paper -- central statutory salaries \$608.6 million to the non-statutory which is \$170 million which is what we call the OPE (other personal emoluments) and then you add the \$487 million in relation to the statutory corporations, which is almost the \$500 million, you are talking of \$1.2 billion. If you round it off, you get \$1.3 billion in salaries. Those salaries cannot be cut, because it is now unconstitutional. If you were to adjust for inflation and do, for example, a ten per cent cut in salaries -- if it were possible; it is not possible -- you would automatically get \$130 million off the bat without having to lay off anybody and without having to calculate any severance. That is the equivalent of 1.3 to 1.4 per cent of GDP. These Estimates project a deficit of 4.4 per cent. Could you imagine if you were able to take 1.4 per cent off that off the top? It cannot be done, because we cannot cut wages and salaries. That is off the table. The last Government took it off the table. If I had that at my disposal in 2013, because nobody would like to do it -- nobody wants to cut anybody's salary -- we would not be having this conversation now.

We sent home what ended up being less than 2 000 public servants. It was 1 800. You know people talk about 3 000 and so on? Do the audit figures. It is less than 3 000, and less than 2 000, and we got about \$25 million to \$30 million, if so much? If we were to do this -- ten per cent of the current outlay for wages and salaries in both central Government and statutory corporations -- you would get \$130 million straight off the bat, you would not have to worry, nobody would be going home, everybody would keep their job, and yes they would get a little bit less, but you would make a written legal pact to say this is for 18 months or this is for two years or whatever the case may be. After two years you would get it written. You can even if you want -- as they were trying to do in the 1990s -- arrange to give them some kind of instrument to represent the cut that was made in savings; a deferred instrument like a savings bond or something like that, and delay payment for five or six years or whatever the case may be. We do not have that at our disposal anymore. That is a recommendation that, if it were not unconstitutional, you could make that recommendation and immediately you would get substantial savings in your budget, but it is not

available to the Government so we cannot touch wages and salaries. We have \$1.3 billion untouchable. You cannot touch it. This is the reality you have, and that is why I said we have to look at where we are and you have to tell me what it is that we want to cut where this is concerned.

Then we have the issue, as I said, of pensions and retiring benefits. Madam Deputy Speaker, the data which I have shows me that pensions, gratuities and other retirement benefits are the second fastest growing line item in Government's budget after interest costs. After debt servicing costs, the fastest growing item in the Government's budget is actually retiring benefits. It is scary. When the staff told me last year that the thing increased by \$25 million to \$30 million, I almost dropped out of the chair. I said, "You all cannot be serious. Thirty million dollars?" They said, "Minister, it will increase by even more next year and the year after that too." I mean pensions. I said to myself that I could not believe it. I told the Accountant General, "Go back and run those figures." So much money in a single year?

Aside.

Hon. C.P. SINCKLER: Previous to that, the trend was going at around \$10 million to \$15 million, which we would consider to be normal, but the thing just took this inordinate jump. You had the Defence Force, but the Defence Force people made a strong case because the officers were not getting a pension. It is an unfunded liability as is the case with regular public servants. How could it be fair that you have an entire Public Service with an unfunded liability?

Asides.

Hon. C.P. SINCKLER: yes, we did it. It was done under this Administration, but the negotiations started under the last Administration. We did it in 2008. We were committed to doing it.

Asides.

Hon. C.P. SINCKLER: Tell me something. It cannot be fair that Customs officers are getting pension, police officers are getting pension, Immigration officers getting pension, and you have the Defence Force and you are not going to give them any? How can you operate at that level?

Asides.

Hon. C.P. SINCKLER: I was not the Minister at the time but I supported the decision, because it is only fair. I make the point to make this additional point, Madam Deputy Speaker. Whenever people from the International Monetary Fund, World Bank or other agencies come to Barbados, they always ask the question, "How is it that you

all have an unfunded pension scheme? Do the employees not contribute anything?" It is modern and standard pension practice that employees contribute at least a little something to their pension. It may not be half or three-quarters; it may be a quarter but you have to contribute something. We have an unfunded pension scheme that has now reached a projected \$270 million or three per cent of Gross Domestic Product at market prices of \$9.5 billion. Do you know that practice has spawned its way into the statutory corporations too? There are some statutory corporations which have pension schemes that are not funded; the Caribbean Broadcasting Corporation (CBC). These are the things that have to be addressed. We came and found that.

CBC went into a pension plan in 2007, and actuarially you have to go back to make the pension scheme whole, because when the scheme started there were people who had advanced years of working. You have to go back to a particular point in time to make those people whole when they retire. I believe that amount rests somewhere above \$10 million and is still to be paid in. It is a serious, serious problem. Then the unions go around to each of these statutory corporations. At Transport Board, you have to get a pension scheme; at Gymnasium you have to get a pension scheme. Luckily, the Gymnasium made theirs contributory, but a lot of these statutory corporations are now having pension schemes which they are relying on central Government to support. When we do National Conservation Commission, the Honourable Minister can tell you; we had a meeting with his staff and the general management, the Permanent Secretary and the financial said we had six hundred and something thousand dollars in gratuity and pension payments that had to be made. We had to come in here for a Supplementary to pay them, I think last year, and we will have to come for another one this week; \$3 million or \$6 million or something like that. That is what it goes towards.

3.35 p.m.

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Hon. C. P. SINCKLER: ... we had to come in here for a supplementary to pay them. I think it was last year and we will have to come for another one this week, \$3 million or \$6 million or something like that. That is what it goes towards but you cannot cut pensions. Just like you cannot cut salaries you cannot cut pensions.

Madam Deputy Speaker, do you know that all of the talk we are hearing about a salary increase for public servants in Barbados and the unions are saying that they want to strike because nobody is talking to them and all of this, in the rush the brush, let us have a strike approach to

industrial relations as far as that particular union in concerned. Thankfully the other union is a little bit more responsible. We have not come to a conclusion on salary increases in Barbados for public servants but do you know in this Estimates document alone the allocation for increments alone is \$58 million. The salaries of public servants automatically increase by \$58 million in the next financial year on the basis of increments alone and you cannot cut that either because when we did the salary thing in her in 2013 and we made the suggestion about freezing increments, the Honourable Member for St. Joseph sprung to his feet and said, no, no, no, no. Increments are considered to be salary and therefore you cannot freeze it and you cannot cut it. The increments have to be paid, it is a legal entitlement, \$58 million and we have not done anything yet. Is that 4 or 5 per cent of the GDP? Half of the GDP which is \$95 million so when people are talking, know what and who we are talking about.

In the tax study that was done by the IMF for the Government of Barbados, are you aware, Madam Deputy Speaker, that of the \$4 billion that we consider to be accessible income, \$1.8 billion is shielded from taxes automatically by virtue of the fact that it is not taxable under the 25 000 threshold. It cannot be taxed because the person that is making \$200 000 per year gets the same \$25 500 tax free as the person who is making \$2 000 per year. That is the reality. This is the country that we are living in and if things are going to change around here, you can walk off and blame Chris Sinckler and say everything about me but I know these things are going to have to be dealt with and ...

Asides.

Hon. C. P. SINCKLER: Not thanks to me. Thanks to the society that we have develop in Barbados. We have all lived in it, we have all done well in it, well not all of us because there are some people who still continue to struggle and have vulnerabilities but the vast majority of us have had a good time of it and now the time is here for the frank and full discourse on how we get to this stage. All of the structural underlying deficits. This is what people were talking about. When the IMF in the 2004 Article Consultation report was saying to the last Administration that there was an underlying structural deficit that is what they were talking about. It is these things that are not known, these things that are hidden behind the scenes, are not immediately visible to the eye but are the ones that are the most troublesome to deal with and this is what we have to do and content with in Barbados.

We have a pension scheme that is unsupported. It is an unfunded liability that will grow and grow. The Leader of the Opposition said that she warned about it three years ago, it may very well be true but I can tell you, it is really a reality. The truth is that when we were doing the tax reform

and I complement the last Administration for doing the tax reform in relation to NIS pensions we should have done this at that time. We should have done an entire pension reform for Barbados but it was not done and time has gone by and it has to be done sooner rather than later. This is what we are talking about on the expenditure side.

I wanted to make those points because it is fundamental to understanding where we are at in relation to these issues and I want people to be very clear. I am going to accept any blame that I have to accept for whatever I did as Minister of Finance. That is my lot in life. I cannot hide and run from it but I know that some of these things in here ... I have a philosophical position where these things are concerned. I believe my colleagues on the Democratic Labour Party (DLP) side have deep philosophical positions where some of these things are concerned and I do not believe that we should throw caution to the wind, tear our shirts and expose our breasts to the world in some case of bravado to give people this view that we are these Philistines and we can just do the thing and cut out the heart of the country, the heart of this society and leave it bare and believe that we have a mash up and buy back society, that we can mash up everything around here and then by some magic you can just put it back together. I do not believe that. This society is not as immune to the vagaries of that type of thing and I think that we have to speak to these figures. When we look at the revenue side, if we deal in the revenue you would see the same thing. At the end of the 2016 financial year the total Government revenue was estimated at \$2.79 billion, approximately \$327 million higher than in 2008/2009. Imagine that? Revenue has only grown by \$327 million and an increase of \$327 million over nine years is really just about 1 per cent a year and that is insignificant really when you think about the amount of expenditure that we have to contend with in relation to the challenges that face the country. The annual rate in increase in revenue has been below the rate of inflation while the expenses of the Government have been slightly above the rate of inflation. I want to suggest to you, Madam Deputy Speaker, that a major part of our fiscal challenge therefore is not just in the expenditures, it is in the weakness of revenue. It has not been in a surge of expenditure because the facts show that this Government only increase expenditure by \$547 million in nine years. Divide that by nine and you would see how much money that is. It is paltry. Do you know that people feel that we went on a spending spree and we gave free bus fares and free summer camps and constituency councils? Are you aware that if you put the costs today of the free bus fares and free summer camps and constituency councils you cannot get \$15 million? In fact, I do not even know if you will get \$10 million. It is chicken feed because that is not where the money goes in Barbados. It goes into wages and salaries, statutory transfers, debt, amortisation and interest costs. That is where the money goes. It does not go into any

summer camps to keep a few little children when the summer comes so that their ...

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Hon. C. P. SINCKLER: ...salaries, it goes into statutory transfers, it goes into debt, amortisation and interest costs, that is where the money goes. It does not go to any summer camps to keep a few little children when the summer comes so that their parents could rest easy and go to work and try to earn a dollar to feed the family without having to worry about somebody trying to abuse their little girl children or somebody encouraging their boy children to get involved in mischief when they could go in a school and sit down and learn a little something, read a book, play some sports or do something constructive with their time, that is not where the money is going, although I think the little children of Barbados deserves that little thing, but the money is not going in there.

Asides.

Hon. C. P. SINCKLER: The money is not going into those things. I mean we talk about the Commission for Pan-African Affairs, the Israel Lovell Foundation, Pinelands Workshop and all of these things, but this is no big lot of money either. If it helps to keep a few communities together, the Government... I mean, you cannot nit-pick at those little things.

Asides.

Hon. C. P. SINCKLER: We are not going to participate in the closing down of the Israel Lovell Foundation. The Israel Lovell Foundation got \$1 million from the last Administration and they did exceedingly well with it and I am happy for them. Times are a little tougher so they cannot get as much money now but we are not going to thing because we feel that it plays an important role in the development of young people in that area even in spite of the bad representation of the current sitting Honourable Member.

Asides.

Hon. C. P. SINCKLER: We are not going to trouble him. At least you have a foundation in which the Honourable Member is doing work which is more than we could say for the Honourable Member for St. James Central.

Asides.

Hon. C. P. SINCKLER: We call him Reds. This is Kerrie Symmonds reporting for Starcom Network Sports

where Ding-ding in reply to Doo-doo 48 is 32 for two. Man, look the things that politicians would do for votes. Of course, he does not know cover point from square leg but he is still talking. We should have a lovely crowd on hand tonight.

Asides.

Hon. C. P. SINCKLER: No, he said before a crowd of 10 000.

Madam Deputy Speaker, the revenue that we are talking about really took a fairly hard hit when the international business and financial services sector feel off. That sector was contributing more than \$300 million to the coffers of Barbados and when the recession hit and the changes to the Canadian legislation came on board we had to make adjustments to those taxes that were levied and the fall off in business ensured that those tax revenues went dramatically below what they normally were. In fact, in 2007, based on the information I had from the spreadsheet here on the revenue, corporation taxes was as high as \$531 million and would you believe that it went as low as \$175 million in 2013 and to \$156 million in 2014/2015. It has been able to recover to \$225 million for 2015/2016 and \$234 million for last year, so in effect from 2008 to 2016 we have actually lost \$1.2 billion, \$200 million a year in revenue from international business sector, and as I said earlier that was not just revenue coming in, the bulk of that was US money because it was foreign exchange coming in that infused the economy with new money to keep you going and doing things. That is why the last Government quite correctly was able to give a lot of tax allowances and credits and do a lot of other things to build out a kind of lifestyle in Barbados that was supported by the inflows that it received substantially from the international business and financial service sector. This is a small economy. This is a \$9 billion economy as we stand. Could you believe in a \$9 billion economy that you are losing \$200 million a year from a single sector in tax revenue and \$1.2 billion over the space of six years? That is what we are talking about.

Madam Deputy Speaker, you do not find that money lying around so what we had to do is to shift the tax burden from foreigners or foreign investors or foreign business people and try to make it up on the local population. This is basically what has transpired because once you lost that money coming in in FXs in order to stabilise your revenues and keep your social services going at a certain level you have to find the money so you had to then switch the taxation on to the backs of the public of Barbados and that is why we had to increase the VAT and why we had to impose taxes, consolidation tax and a cell phone tax. We had to try to find a way to get back some of that revenue in the system because remember the economy is still struggling to grow because of the impact of the global recession on tourism. Tourism is only now in the last two

years beginning to pick up a full head of steam. International business again was falling off because foreign direct investment was not coming in as it was coming in before as people had a wait and see attitude like there is now in the British economy where people are holding a wait and see attitude on what is going to happen with Brexit, so some investors have called and said to realtors and developers here to hold on to the purchase they were going to make this year. Fortunately, it has not been a total bottom out but some people have called and said, particularly in the immediate aftermath of Brexit, hold a sec do not click the button yet, do not send up the paperwork to sign yet, you hold on and let me see what is going to happen in the next six months to a year and I will get back to you. When that happens we lose value and when we lose that value we lose revenue and when we lose revenue we have to go and find it somewhere else, and then of course when you go and put on taxes and because you are taking money from the same people it reduces the disposable income and it contains demands and in an economy that is 60, 70 and some say as much as 80 per cent value on consumption then that means that economic growth is going to go down because the economy is growing on the basis of spend, so that is the real conundrum that you are in, that is really what it is.

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Hon. C. P. SINKLER: Madam Deputy Speaker, that is the real conundrum that you are in and so we try to find ways around it to try to save people, to try to answer the issue of having a fiscal deficit reduced, to try to protect your social services. It is a real human question, it is not just numbers on a piece of paper.

Asides.

Hon. C. P. SINKLER: They are numbers, yes, and the numbers mean something, yes, but it goes beyond the numbers. We have to get beyond just the numbers, we have to understand that the decisions that we take affect the lives of ordinary citizens and that in order to get the numbers right you may have to inflict pain, but that if you have to inflict pain you make sure that that pain is kept at a minimum and that it is balanced and spread across the entire population. Ma'am, that is why we bring legislation in here to broaden the tax base, so that we can get lawyers, doctors and other professionals to pay what they should be paying in taxes, and we get all the pushback, the fighting and the unconstitutional taunts and all of these things. We are not doing it to harass anybody when you set up a Barbados Revenue Authority to go out there and collect those taxes. Ma'am, I really must say that people have

treated the Barbados Revenue Authority with a level of scant regard in the one breath but in the other they are asking for their tax returns which you really should say because it is yours, but tax refunds are paid from revenue and if the Barbados Revenue Authority cannot collect the revenue that is due to the Government, then the Barbados Revenue Authority cannot pay those tax refunds, because you do not borrow money to pay tax refunds, tax refunds are paid out of the revenue they collect.

Madam Deputy Speaker, so that when we are fighting down an organisation like that of the Barbados Revenue Authority on the one hand but then we would want them to pay out timely tax reforms we have to ask ourselves what it is that we really want. Ma'am, we have to understand what society we are living in. Ma'am, I did not change any laws in Canada, they were changed without consultation to us and internationally several other things will change without consultation to us but we have to contend with it, that is why it was a little disconcerting when Government brings taxes. Nobody likes to pay taxes, in my view one tax is one tax too much. I would like my entire salary to be tax-free, I would like to stop paying VAT when I go supermarket, and I would like to stop paying land tax. I have never quite understood that one anyhow. I would like to get rid of the whole lot of them but the kind of society that we have built up cannot operate without tax revenue. The kind of existence we have cannot exist without tax revenue, so that we have to make it known.

Madam Deputy Speaker, we hear this thing that the Government has increased the VAT for 18 months and that I broke my word. Madam Deputy Speaker, I heard all this foolishness that goes abroad and anybody who reads the Financial Statement and Budgetary Proposals, 2010, would know that I said at the time that we would review it after 18 months to see whether or not it would continue, it was not a straight line, it would end. Ma'am, when the 18 months was up, based on the figures I saw, I determined that it should continue and the Cabinet of Barbados agreed, as I advised them, that it should continue at 17.5 per cent. Ma'am, even so we allow, for example, members of the hotel industry to continue to receive a subpar rate of 7.5 which was even below the 17.5 per cent, so that hotels in Barbados are receiving below a subpar rate of 7.5 per cent to help hotels and the accommodation sector in Barbados.

Madam Deputy Speaker, we help them in relation to land taxes. They complain that when the land tax bills came out that it was not at the time when they would get the most flow-in of their moneys, so they asked for us to extend the payment of land tax from august/September when it is normally, to as far out as April the following year. We did that too for the tourism people in Barbados. We reduced the VAT of 17.5 per cent on direct tourism services down to 7.5 per cent, yet people say that we have

not done anything for them. We gave them a tariff fund of BDS\$25 million, it was a grant to help boost the tourism industry and they did not have to repay one cent. Another thing is that one or two persons got that grant yet their properties went out of business, yet you are hearing that we have not done anything.

Madam Deputy Speaker, we put money in the Small Hotel Fund, in the CHIF Fund, we gave concessions for them to do alternative energy. We have set aside \$50 million for Small Business Association, of which \$10 million has already gone out, then you are going to hear that the Government has not done for the small businesses. We will bring the first comprehensive Small Business Policy framework in this Parliament to be debated, it has already been laid. For the first time in the history of Barbados we have a comprehensive Small Business Development Strategy in Barbados.

Asides.

Hon. C. P. SINKLER: We are not talking about an Act with a few incentives here and there, we are talking about a comprehensive policy.

Asides.

Hon. C. P. SINKLER: We will hear all of that. We gave \$10 million to it too, so that Madam Deputy Speaker, when they are talking they did everything, everything that was good was done and anything that was bad was not done by the last Administration. I know how that business goes, I am not arguing or fussing up myself with it, but I know what we have done and can speak about it, and that is there for the whole world to see in relation to that.

Madam Deputy Speaker, when the revenues come in, this is what you pay for the Queen Elizabeth Hospital, this is what do for the Barbados Tourism Authority, that is how you keep schools opened, these are the things that you have to do, so that when we increase the taxes here and there it was not to make people uncomfortable, but was to stabilise the tax revenues and keep the country going. We have had to fight on it, as I said the Municipal Solid Waste Tax, the tipping fee, the increase in land tax, we have had to fight every inch of the way, we were being made to feel that we were abusing people. We put on a Consolidation Tax and everybody kept noise about it. Well, we move it but these are the things that have to happen. Therefore the country has to ask itself whether or not it is serious about sustaining this level of development and the lifestyle which we have become accustomed to in this society.

Madam Deputy Speaker, in spite of this there were persistently high levels of deficits over such a sustained period has given us a situation where it becomes a driving force behind the exponential growth of Government's debt

and the consequential deterioration in our debt profile and of course the ratings that we got from the agencies in relation to Moody's and Standard and Poor's.

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Hon. C.P. SINCKLER: ... Madam Deputy Speaker, I wanted to make the point that our debt -- and I think we have to look at this issue of the debt -- which has risen by about \$500 million per year for the last few years into our debt stop. In this regard, central Government's debt, disbursed and outstanding, stood at approximately \$13 billion 331 million at February 2017, Madam Deputy Speaker. That is this year. This is approximately 143.9 per cent of GDP when compared -- this includes NIS and NIS holdings which, if you net those out, is 112 per cent of GDP - to \$12 billion 601.9 million for the corresponding period, February 2016. External debt stood at \$2 billion 809 million down from \$2 billion 951 million in February 2016. The \$142 million increase is primarily as a result of the maturity of the BZW sovereign bond and payments on the Credit Suisse loan which we had in 2013, which would have assisted in counterbalancing new facilities mainly from CAF. External debt then accounts for approximately 21 per cent of the portfolio, down from 23.4 per cent in February 2016. At February 2017, Barbados' domestic debt stood at approximately \$10.5 billion, compared to \$9.6 billion for the corresponding period in the previous year. The increase is \$871.9 million was driven mainly by issuance of Treasury bills. Approximately half of the outstanding debt on the domestic side is held by the NIS and the Central Bank of Barbados. That brings me to the issue of exactly how these points -- the declining reserve levels due to weaker private and public inflows, and hard domestic debt service costs as a result of persistently high deficits impact the country's capacity to finance its operations once those are in excess of what they should be.

On the point of Government financing, I want to make the point that since the early 2000s Government's borrowing requirements have increased significantly as relatively weak economic growth and structural rigidities in the Public Sector have stymied Government's fiscal performance. Efforts at fiscal consolidation have been ongoing as most recently as the Budget we presented last year, but the deficit still remains too high. As a result, Government has encountered cash-flow difficulties, as we all know, that have encumbered its ability to issue tax refunds and make payments to service providers on a timely basis. Government's bond requirement is driven not only by the size of its fiscal deficit, but by its ability to roll

over maturing debt. The increase in fiscal deficits since 2008 have contributed to an accumulation of debt, which outstripped economic growth. The essential impact has been a decline in our sovereign credit ratings, and Government opted to withdraw from the international capital rather than incur exorbitant borrowing costs. Since the deficit is financed by a combination of foreign and domestic sources, this has meant that an increased issuance of domestic securities for purchase by local investors has been the result.

To put this development into context, it should be noted that the net foreign financing between 2009 and 2015 averaged \$122 million per year after the payment of external amortisation. On average for the past three years, however, rather than a net inflow of foreign funds, there has been a net outflow after covering foreign amortisation which now tends to exceed \$200 million. This sizeable amortisation reflects the partial redemption of external borrowing that Government incurred after the onset of the global financial crisis, when capital inflows were severely weakened, as I would have said earlier in this speech. Government's strategic switch from high-cost borrowings on the international capital market in favour of project-related multilateral foreign funding has not been as seamless as it would have been envisioned. Instead, there has been an unintended consequence after securing these concessional flows. Varied challenges have inhibited timely disbursements for the intended purposes. At the same time, having to meet financial requirements for the rising gap between revenue and expenditure, there has been a greater reliance on the provision and financing from the domestic market, which averaged \$727 million over the last two years compared to an average since 2000 of \$373 million. You can therefore see that our issuance of domestic securities to Government paper in order to finance the deficit has jumped by almost \$400 million per year, which is significant and needs to be brought under some serious discipline.

While commercial banks and other domestic institutional investors, including the National Insurance Scheme (NIS), initially carried Government's financing burden, in recent years there has been greater reliance on the Central Bank, as we know, and the supply of financing from the NIS in particular became more restricted as its annual surpluses for available investment declined against the backdrop of low contributions and higher payments by the Scheme. On average, each year since 2000, commercial banks and non-bank financial institutions have purchased \$92 million and \$137 million respectively in newly issued Government securities. During the last year, there has been a significant reduction in the demand for securities by investors as they became more risk-averse. Non-bank financial institutions, including the NIS, fell short on the usual financing which they previously provided, while commercial banks reduced their appetite for securities, and

this led to an overall reduction in their holdings. This was at a time when the private sector credit demand remained weak and the banks continued to retain excess liquidity with the Central Bank, which the Central Bank of course has used in large measure to purchase securities from the Government.

Madam Deputy Speaker, where previously it was generally assumed in projecting financing requirements that institutional investors and the rest of the private sector would roll over all maturing securities, this is no longer an iron-clad case. Furthermore, with increased reliance on domestic market for financing, this has resulted in a sharp rise in the share of Treasury bills -- as we know, people are buying short rather than buying long -- to the stock of domestic debt, which of course increased the rollover risk, because there are short-term instruments which you can pull out at any time. As the Government's primary banker, the Central Bank accommodated the required financing support as Government implemented its adjustment effort. Central Bank financing peaked in 2016-2017 at \$714.5 million at the end of December. The steady growth in Central Bank financing in recent years to help finance the underlying deficit and to cover shortfalls arising from the refinancing of maturing debt that would normally be provided by domestic investors, has proven not to be the most ideal situation for the Government. It is, in fact, something that needs to be brought to a halt as soon as is practicable in the circumstances. Yes, it needs to be done.

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Hon. C. P. SINCKLER: ... for the Government. It is, in fact, something that needs to be brought to a halt as soon as is practicable in the circumstances. It needs to be done. It is not a sustainable policy, it does not work well, it does not look good, it does not smell good and it is not good, we can be fair. The truth is that if the Central Bank of Barbados were to say tomorrow that they are not accommodating the Government of Barbados, last year or year before last ...

Asides.

Hon. C. P. SINCKLER: No, it is not just go to the fund. You can go to the IMP or you can go wherever you can get the money from at a higher interest rate but I want you to understand what we are talking about because when people hear about this printing money, you know the economist like to use this fancy term,...

This section of the recording was inaudible.

Hon. C. P. SINCKLER: I do not think it is worth my while anyway. I am on the script.

Madam Deputy Speaker, let me tell you something. I do not know if these people read the laws of Barbados. I have never called the Central Bank of Barbados and told them to print any money anywhere. I do not have to call the Central Bank of Barbados and tell them to print money. The Central Bank of Barbados is the banker to the Government and under the laws of Barbados the Central Bank of Barbados, in consultation with the Ministry of Finance, has a cash flow committee on which they sit and they look at the cash requirements of the Government for any fortnight -- the meet fortnightly, monthly, quarterly, whatever the place may be. If a situation occurs that those resources required by the Government has fallen short to meet the expenditure of any particular month or quarter, the Central Bank of Barbados can, in consultation with the Ministry of Finance, determine what level of support it is going to provide for the Government. When the Cash Flow Committee is sitting down they have to think about if we do not provide this support what would likely happen? Will the Government default on a debt and cause complete chaos in the society? Would a critical social service stop? Would the hospital be able to function if we do not provide this money? Would people in the international business and financial sector be impacted upon if these resources are not provided? That is what they sit down and do. They do not wait on any call from the Minister of Finance to the Governor of the Central Bank or anybody that working in there saying, oh, this is Chris Sinckler the Minister of Finance. I understand there is a short fall in Government revenue, start printing. It does not happen that way. I have never called any Governor of the Central Bank or anybody in the Central Bank of Barbados and told them to print money. They sat on a Committee, they understood the implications of it and they did it, but they always made the point as we always accepted and recognised the point ourselves that it is not the most ideal situation to have happening and that the Government needs to bring its deficit under some serious discipline to reduce and then eventually eliminate Central Bank of Barbados accommodation of the deficit. That is what has to be done, plain and simple. I must tell you, I do not support this view that you pass laws to block all ... People want to talk about fiscal rules. I had some experts from CARTAC from the IMG down here on fiscal rules. They made a presentation to the Cabinet and one of the seminal things that they made in that presentation was that while fiscal rules in setting certain things that Government deficit should not go above 2.5 per cent or 3 per cent or you should not spend this amount of money or you should not print this amount of money, they made the point that while those things sound good in theory, in a developing country like Barbados and in developing countries that they have had the chance to see fiscal rules in place and to see them operating that many of the countries that put fiscal rules in place and

passed them into legislation had to go back and reverse it. Do you know why? Because they reached too high. They heard international that is what you do, they rushed into Parliament and passed a law, bind themselves and then realised that the circumstances have changed so dramatically and they had to come back and amend or repeal the legislation. One thing that the experts said to us, make sure you get your structural economy right first. Make sure you do the things that are required first before you put any laws in place because you are going to put the laws in place and then you would end up having to change them. Do not go through that mistake. Do the things you need to do first to bring your economy to a stage where it would not require you to put the laws in place and then if you want to, put them in place because you know you would have the basis on which to be able to achieve the targets. Do not put the cart before the horse. That is what the people, the fiscal affairs experts at CARTAC told us. Do not rush to do any fiscal rules. Do not go into Parliament and pass any law first and then you set your hat so high up and then you are struggling to get to it. Do the things that you need to do first, get your economy set and then put the laws in place to ensure that you meet those particular standards. I think that was wise advice because the truth is, I was ready to rush in here, based on advice from a lot of people and set down stringent fiscal rules. The people said we have seen it all over the world. Half of the people who put those rules in place have either broken them or have had to go and amend the law because "they put their hats too high", as the old people would say and then they could not reach it. You have to be very, very careful in relation to that. The reality is Government is borrowing too much money from the Central Bank of Barbados, they are printing too much money, as they called it, or money creation, as I think it should more properly be called, and it needs to change. We are going to have to address this issue frontally. That is the reality of what we are committing here.

The Government commits itself, therefore, to a strategy of a smaller deficit, and we are beginning to do that in these Estimates this year. The deficit has come down. Last year we said we would have a deficit when we brought the Estimates to Parliament of 8 per cent. We brought it down to 5.1 per cent and now we intend to carry it to 4.4 per cent. We still think 4.4 per cent is too high, we need to bring it down further so that it is financeable but we need to do that in a responsible way that does not unravel the ...

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Hon. C. P. SINCKLER: We still think that 4.4 is too high and we need to bring it down further so that it is financeable but we need to do that in a responsible way that

does not unravel the entire society. We are going to be meeting with all groups in the society and interested persons and working out how we can get to the stage of phasing out Central Bank lending and increase domestic institutional investor support from those persons who have a vested interest in supporting the Barbadian society.

Government is therefore committed to a strategy that increases project flows to finance public sector activities and reduce the negative impact of high foreign debt service borrowing, to hasten the fiscal consolidation efforts in a manner that ensures macroeconomic stability while restoring confidence in the market and, of course as part of that, we will export additional options for asset sales that can be done in entities that are viable and commercial and make sense to do if that is what is required.

It has not been easy managing this situation, Madam Deputy Speaker. We have had to fight every inch of the way as I said to keep the country afloat, to keep as many people employed as possible, to keep families and households intact, to keep communities functioning and to keep a spirit of hope alive in Barbados in spite of what you would have heard in the past few days and weeks in Barbados.

Yes, Madam Deputy Speaker, our efforts to shield ordinary Barbadians have been basically cursed not just cursed at as though we have committed a serious crime. Our efforts to shield ordinary Barbadians from The Farm, Rosemount, Free Hill and Goodland, to protect people in Fairfield, Westbury Road, Waterhall Land and the Pine, to hold the hands of people in the City, Brittons Hill, The Ivy, Wanstead, Husbands, Gall Hill, Lodge Hill, Silver Hill and Silver Sands, and across St. Andrew, St. Philip and St. Lucy and all over Barbados have cost us a price. We did it and we got harassed.

Madam Deputy Speaker, I will tell you that when the speeches start in here from the Opposition you will hear how much we have been and will be abused for doing it. One person will get up and say the worst Minister of Finance and Economic Affairs. Another person will get up and say a public apology for failure. I can almost predict the speeches as they come, Madam Deputy Speaker. I know how they are going to come and whom they are going to come from.

Asides.

Hon. C. P. SINCKLER: Prepare myself, I am well-prepared. What is the price? The wrath of the economic terrorists called rating agencies that the ones that opposed to the Government like to jump up and down the bandwagon on: Oh rating agencies and Moody's has done this and Standard and Poor's has done that. We have to

undergo the attacks of an abusive Opposition certainly in relation to our policies.

Madam Deputy Speaker, if the price of saving lives and the livelihoods of the people in The Farm and in your constituency in Gall Hill, St. John and to protect ordinary citizens in Barbados from the worst ravages of this recession is a downgrade from Moody's or a bad report from S&P, it is a price we willingly accept as a Government. If protecting the social system of the country for as long as we could realistically is a charge that is laid at the feet of this Government, Madam Deputy Speaker, we plead guilty as charged because for however wrong some may say it is, we did what we felt was in the best interest of the poor, the powerless, the vulnerable, the middle class, the upper class or any other class in this society. If that is the price and if that is the charge, right or wrong, this Government stakes out its position and we do what we have done as far as we could.

Madam Deputy Speaker, we know what the Government's position is and has been. We know what abuse we have taken for having that position. We know what the charge sheet is. The question that has to be asked this evening tonight, tomorrow, Wednesday, Thursday and even on Friday and going forward is: What is the position of the Opposition Barbados Labour Party and its cohorts? Do not just tell us you should stop the Central Bank of Barbados printing, tell us how to stop the Central Bank of Barbados printing, when to stop the Central Bank of Barbados printing and what you are going to put in place to ensure that it is stopped.

Asides.

Hon. C. P. SINCKLER: Not just a law. Do not tell me that you are going to pass a law, anybody could pass a law. We are yet to hear from the Members of the Opposition which tax they will remove and how, I am open to hearing it today, and which expenditures they intend to reduce and from where. We want to hear all of it. The protestations will not cause them to escape from the reality of what they have to do. We want to hear about it. Come off the nest and let us see the eggs that are sitting under the Opposition hatch out. We want to see what it is they have under there.

Asides.

Hon. C. P. SINCKLER: You talk about the marches, we can talk about the marches too. The ones that were called on the telephone and offered \$100 to come out and march, we know of them. The ones that were called on the telephones and when they said they were not interested in marching were bullied, we know about those too. We know about all of the marches. The ones that were given long necks and broad shoulders and the odd spiff here and there,

we know about them too. We do not want to talk about no marches. This is not a debate for marching, this is a debate for discussion of policy, that is what we want to hear. We do not want to hear about any marches. Barbadians cannot wait any longer to hear this grand plan from the Opposition to save Barbados. We cannot wait.

I want to hear the Honourable Member for St. James Central's four or five major ideas on saving the Barbados economy, not getting rid of Chris Sinckler, that is for the public to do if they are so minded. I want to hear from the Honourable Member for St. James Central his four or five ideas for saving the economy and stopping the printing of money and bringing down the deficit and reducing expenditure. I want to hear from the Honourable Member for St. Joseph his recommendations on controlling crime in Barbados. I also want to hear from the Honourable Member for St. Joseph how he intends to bring in sufficient foreign exchange to pay for the \$30 million prison which he built in conjunction with the Honourable Member for St. Michael North East. I want to hear from the Members of the Opposition which categories of expenditure they will cut, whether goods or services, whether salaries and wages or whether debt. We want to hear it.

Madam Deputy Speaker, what I can and will say today is that it has fallen on this Democratic Labour Party more than once to address issues in Barbados at a serious level. In the 1970s with the oil crisis, we did it. In the 1990s with the last major recession, we did it, and I remember the abuse that we got for doing it. We have done it before. We have not made any friends but history have proven that we are a party that knows how to manage adversity. We have been doing it and will continue to do so, Madam Deputy Speaker. We will do it again and in very short time because as I said the stakes are very high. We will come back to this Parliament and disclose

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4.34 p.m.

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Hon. C. P. SINKLER: Madam Deputy Speaker, we will do it again, and in a very short time, because as I said, the stakes are very high, we will come back to this Parliament and disclose in very plain language the measures that the Government intends to implement to stabilise the situation with our reserves, to bring our deficit down to a manageable level of about 2.5 per cent this current financial year and of course, to ensure that we continue to protect the most vulnerable in our society. Madam Deputy Speaker, with those objectives in mind, I have the honour now to present the Financial Report of the Government for the past financial year and the estimated

revenue and expenditure financial projections for the year 2017-2018.

Madam Deputy Speaker, the original projections on the Programme's Budget for fiscal 2016-2017 was designed to produce a deficit on a cash basis of 8 per cent. Nominal growth domestic product or Gross Domestic Product at market prices calculated on the international financial basis was \$8.5 billion. On an accrual basis the net operating balances negative 5.2 per cent. The fiscal programme for 2016-2017 approved by Parliament on 18th March, 2016, showed current revenue of \$2.737 billion. Current expenditure exclusive of amortisation of \$3.141 billion and capital expenditure of \$448.5 million. While the projections on the accrual basis showed a net operating balance of negative \$482 million or negative 5.2 per cent of Gross Domestic Product when converted on the cash basis showed a deficit of \$740.5 million or 8 per cent. That was the original figures passed by the Parliamentarian of Barbados.

Madam Deputy Speaker, the outturn April 1 to January 31 is as follows: preliminary information received from the Accountant-General and the Barbados Revenue Authority indicates that current revenue for the period April 1 to January 31, 2017, was \$2 87.5 million, an increase of \$170 million, or 8.9 per cent above the amount recorded for the corresponding period in 2016.

Madam Deputy Speaker, taxes on incomes and profits realised \$627.7 million, an amount of \$87 million, or 16.1 per cent more than collected for the corresponding period in 2016. Corporation tax increased by \$25.4 million for the period under review and with respect to income taxes, \$68.2 million more was recorded for the period April 16 to January, 2017. Withholding taxes increased by \$23.4 million over the corresponding period. Taxes on property decreased by \$3.3 million from the corresponding period in 2015-2016 to \$123.7 million, amounts of \$112.4 and \$11.3 million were collected for land tax and property transfer tax respectively.

Madam Deputy Speaker, taxes on goods and services increased by \$94.6 million or 10 per cent, to \$1.43 billion. Receipt of VAT totaled \$764.4 million, an increase of \$84.4 million over the corresponding period in 2015-2016.

Excise duties recorded \$153.1 million, an increase of \$16.7 million above the actual outturn for the previous year. Import duties increased by \$16.8 million, to \$204.6 million, an increase of 8.9 per cent over that collected in 2015-2016. Special receipts also increased by \$12.4 million and this is partly due to a collection of \$90.8 million to date to the National Social Responsibility Levy. Non-tax revenue recorded \$57.1 million, an amount of \$18 million less than the corresponding period in the previous year.

On the expenditure side, current expenditure exclusive of amortisation was \$780.2 million. This decreased by \$29.7 million or 1.2 per cent from the 2015-2016 figure to \$2 377.3 billion. Wages and salaries decreased from \$604.6 million for the corresponding period of 2016, to \$593.8 million.

Expenditure on goods and services decreased by \$8 million, to \$259.7 million. Expenditure on current transfers decreased by \$64.2 million, moving from \$898.3 million in 2016, to \$834.1 million for the same period in the previous year for the period April 16 to January 2017. The main contributors to this decrease were retiring benefits, grants to public institutions and other benefits which reduced by \$8.7 million, \$25.8 million and \$33.8 million respectively. Capital expenditure for the period under review was \$135.8 million, compared to \$179.5 million for the corresponding period in the previous financial year. Capital formation increased by \$59.4 million where capital transfers decreased by \$100.4 million. Total expenditure for April 2016 to January 2017 was put at \$3.293.2 billion compared to \$3 430.3 billion in the corresponding period 2015-2016.

Central Government disbursed debts stood at \$13.346 billion as at January 2017, approximately 144.1 per cent of Gross Domestic Product compared to \$12.189.3 billion for the corresponding period end January 2016.

Of the \$1 357.2 million increase in Government debt, there was a \$6 million increase in external debts compared to the same period in the previous year. Increases in the external debt were primarily due to disbursements from CAF and the assumption of Barbados Agriculture Management Company debt which were offset by repayments on the Caribbean Development Bank and Credit Suisse loans.

Domestic debts increased by \$1 151.3 billion financed principally through the issuance of debentures and short-termed Treasury Bill. The increase also included debt of the Barbados Marketing Corporation which was taken over by central Government. The net increase of \$1 157.2 million was attributable to the need for financing the deficit.

Total debt payments for the period April 16 to January 2017 amounted to \$1 423.2 billion with interest payments of \$642.5 million and amortisation payments of \$780.8 million. Interest payments saw a net increase of approximately \$56.3 million primarily attributed to domestic cost increase. This was largely as a result of additional domestic securities as well as increases in the interest rates.

External amortisation increased by approximately \$43.7 million principally as a result of the BZW Bond which was repaid at the end of June 2015. Domestic

amortisation increased largely due to the maturity of an additional \$130 million debenture for the period compared to the previous year. The overall net increase in amortisation payments was \$43.7 million. During the period under review no Sinking Fund contributions were deducted. The contingent debt of the Government stood at \$925.1 at the end of December 2016, compared to \$1 451.8 million at December; this decrease is attributed mainly to the guaranteed debt of the Barbados Agriculture Management Company which was assumed...

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Hon. C.P. SINCKLER: ... This decrease is attributed mainly to the guaranteed debt of BAMC which was assumed by the central Government; hence no longer recorded as a contingent liability. Also, there is the repayment of the \$55 million loan by the Barbados Tourism Incorporated to the National Insurance Board. The deficit of \$425.5 million represents 4.6 per cent of GDP at market prices, of \$9 billion 233.3 million. The deficit for the corresponding period in 2015-2016 was \$668.9 million, representing 7.5 per cent of GDP at market prices of \$8 billion 936.3 million. The projections for this fiscal year, now that we have basically most of the information to hand, are: On an accrual basis it is projected that the current revenue for the fiscal year 2016-2017 will be \$2 billion 866.9 million. This will be \$300 million or 11.7 per cent more than the actual amount collected for Financial Year 2015-201. Taxes on incomes and profits are expected to increase by 499.8 million or 13.8 per cent over the corresponding period for last year, and this is mainly due to increase in Income Tax of \$96.1 million.

Taxes on properties are expected from the corresponding period last year by \$3.5 million to \$191 million, while taxes on goods and services are expected to increase by \$83.6 million to \$1 billion 332.4 million. The increase in taxes on goods and services is mainly due to increases in the VAT and Excise Tax of \$23.5 million and \$64.6 million respectively. Special receipts are projected to increase by \$39.6 million or 110.9 per cent, to \$75.3 million. This is primarily due to the introduction of the National Social Responsibility Levy, which is projected at \$28.3 million. Taxes on international trade should realise \$242.9 million, an increase of \$11.3 million or 4.9 per cent over the corresponding period of the previous year. Non-tax revenue is expected to increase by \$68.9 million to \$179.9 million. It is to be noted that an amount of \$75 million is included for the sale of BNTCL which, of course, we are expecting, but if it does not come this year, it will

surely come in the next financial year so we will switch it over to that financial year.

The current expenditure is projected at \$4 billion 49 million during 2016-2017, an amount of \$80 million more than the actual current expenditure for 2015-2016. Expenditure on wages and salaries is expected to decrease by \$8 million from the amount of 2015-2016 to \$721 million. Expenditure on goods and services is expected to decrease by \$30 million, or 6.8 per cent, from the 2015-2016 figure, to \$411.3 million. The following Supplementaries were approved during the year up to January: this is \$3.3 million to the Transport Board for the payment of street lighting, \$3.2 million to the Ministry of Health to cover payments under the debushing programme. Current transfers are expected to decline by \$25.8 million, or 2.2 per cent, over the actual amount for 2015-2016, to \$1 billion 158.7 million.

The following Supplementaries were approved for the entities: \$16 million to Transport Board to cover operating costs, \$45 million to the University of the West Indies, \$16 million provided for the QEH, \$3.6 million to the Sanitation Service Authority, \$3.1 million to the Barbados National Conservation Commission for the payment of wages and salaries, \$17 million for the Barbados Water Authority to cover back-pay for the workers, and \$10.7 million to the National Housing Corporation to cover debt payments and legal costs. Total debt payments for 2016-2017 are expected to be \$145 million, or 9.3 per cent more than the previous year. Total costs are projected at \$736.8 million, an amount of \$64.3 million more than recorded in 2015-2016, while amortisation payments are expected to increase by \$80.7 million.

Capital expenditure is expected to decrease by \$25.1 million, or 11.6 per cent, to \$191.5 million in 2016-2017. Capital assets are expected to increase by \$76.5 million to \$112.5 million in 2016-2017. This amount is, however, anticipated to be \$109 million below the amount approved for the year. Capital transfers are expected to decrease by \$101 million, or 57.7 per cent, to \$75 million, and of course this is largely because the amount of money which we explained last year had to go to the Water Authority for the mains laying and the metres project has come down to some extent, and therefore some of those capital transfers -- the ones with the Port and so on -- will no longer show up in that account, and so you get that fairly sizeable reduction.

On the accrual basis, current revenue of \$2.866 billion is expected, of which \$2 billion 647 million is tax revenue and \$192 million is non-tax revenue and grant income. Total expenditure is projected to be \$4 billion 240 million, of which \$3 billion 85 million is current expenditure exclusive of amortisation and \$339.5

million is capital expenditure. The revised net operating balance, therefore, is \$218.3 million, representing 2.4 per cent of GDP at market prices. When we use the cash basis of accounting, current revenue is \$2 billion 806.9 million, of which \$2 billion 614 million is tax revenue and \$192.9 million is non-tax revenue and grant income. Total expenditure is projected at \$4 billion 240.7 million, of which \$3 billion 85 million is current expenditure exclusive of amortisation and \$191.5 million is capital expenditure. The revised deficit, therefore, of \$469.8 million on the IFI (international financial intermediary) basis represents 5.1 per cent of GDP at market prices. The primary balance, therefore, for the Financial Year 2016-2017 is estimated to be in surplus to the tune of \$267 million on the accrual basis and \$178 million on the cash basis.

It is expected that \$1 billion 292.5 million, or 90.1 per cent of the \$1 billion 433.8 million of the overall deficit, will be financed from domestic sources. The balance of \$141.3 million is expected to be financed from foreign flows. Therefore, Madam Deputy Speaker, we came to the Parliament and we asked for the approval of a Budget last year projecting a deficit of eight per cent. We said during the year that we would introduce measures to assist in bringing that deficit down -- both tax measures -- and we would do a midterm review to cut at least \$50 million out of the budget. We have done all of those things, plus more, and we are happy to say that at least we can show that deficit is projected in another two weeks to end up at 5.1 per cent of GDP, which I think is a substantial improvement based on what we were having before.

I want to thank the staff of the Ministry of Finance and Economic Affairs, not only for the preparation of the Estimates but also for working during last year to ensure that we contained expenditure and we tried to maximise as much revenue as possible. We have not got in all, and we have not done everything but particularly in the midyear review, the staff really did a very good job. We said we wanted to get \$50 million. We actually ended up getting \$95 million. Ministries worked with us. All of the Ministries identified budgets in which they knew that they could not spend the money or knew that the projects likely would not get off the ground. This was money they could spare, and they gave it up willingly, and we are happy that we were able to make the savings from those programmes, and I want to thank all the Ministers and their staff for their contribution and the cooperation they gave to that particular exercise.

4.53 p.m.

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Hon. C. P. SINCKLER: ... could spare and they gave it up willingly and we are happy that we were able to make the savings from those programmes. I want to thank all the Ministers and their staff for the contribution and the cooperation they gave to that particular exercise. It exceeded all of our expectations in that particular regard.

The fiscal programme therefore for this year as it relates to the Estimates as we have here before us, Madam Deputy Speaker, and I have spoken to quite a bit of it already in my speech but I want to give the actually financials that go to support it and these are as follows:

We are expecting current revenue of \$2.938 billion or \$2 938.2 million on the cash basis. On the accrual basis \$2 963 million. We are expecting expenditure current at \$4 218 million on the cash basis and on the accrual basis and \$4 126.3 million and this is including amortisation. Capital expenditure \$268.7 million on the cash basis and \$423.2 million on the accrual basis. Total expenditure including amortisation \$4 486.7 million on the cash basis and on the accrual basis \$4 549.5 million. The net operating balance on the cash basis -\$422 million or on the accrual basis -\$191.8 million. This gives you an operating balance cash 4.4 per cent of GDP in terms of the fiscal deficit and on the accrual basis 2 per cent of GDP. Of course this is at market prices of \$9.5 billion. Amortisation is expected to be \$1 126.5 million and on the cash basis \$971.3 million on the accrual basis. Total financing \$1 548.5 million on the cash basis and \$1 163.1 million on the accrual basis.

The fiscal programme for 2017/2018 is projected to generate a negative operating balance of \$196 million on the accrual basis and \$422 million on the cash basis for a deficit of 4.4 per cent. It is done on the basis of the following projections:

On the cash basis current revenue is projected to increase by \$131.3 million or 4.7 per cent over the revised period 2016/2017 to \$2 938.2 million. Taxes on incomes and profits are projected at \$810 million on the accrual basis. When bad debts are taken into account the amount on the cash basis is expected to be \$794 million, a slight decrease of \$9.3 million or 1.2 per cent from the amount project for 2016/2017. Income Tax is expected to have a slight increase of \$4 million to produce \$484 million and Corporation Tax is expected to increase by \$6 million to yield \$240 million. Taxes on properties are expected to realise \$201.8 million an amount of \$10.8 million more than was projected last year in the Estimates. On the accrual basis, taxes on goods and services are projected at \$1 375.5 million and on the cash basis, taxes to be collected on goods and services during the years are expected to increase by \$73.9 million or 5.7 per cent to reach \$1 366.3 million dollars. This tax category receives its principal impetus, as you know from the VAT and Excise Taxes, which are expected to contribute \$950

million and \$246 million respectively to the treasury in the fiscal year. Additionally, an amount of \$33.3 million is expected to be received from the tax on bank assets. Import duties we are projecting will bring in \$249.2 million increasing by 6.3 per cent over the projected amount for the fiscal year 2016/2017. Special receipts are expected to increase by \$15 million to \$90.5 million. None tax revenue is expected to increase by \$31 million over the revised period for 2016 and it is to be noted that the amount of \$75 million for the sale of BNTCL was included in the revised projection for 2016/2017 whereas we are expecting an additional \$100 million for an asset sale in 2017/2018.

The Government of Barbados is expected to receive grant income of \$31 million from the European Development Fund to assist in the renewable energy projects and \$11.9 million from the Government of China and \$9.9 for the refurbishment of the Gymnasium and \$2 million for the Ministry of Education. On the expenditure side, the current expenditure on the accrual basis exclusive of amortisation of \$971.3 million is projected at \$3 155 million. When converted on a cash basis and bad debts and depreciation expenses are excluded, current expenditure is expected to increase by \$6.3 million or 0.2 per cent over the revise figure for 2016/2017 to reach \$3 091 million. Wages and Salaries are expected to increase from the revised amount in 2016/2017 to by \$58.1 million or 8.1 per cent of GDP to reach \$779.1 million. Expenditure on goods and services is expected to increase by \$10.1 million above the revise figure for 2016/2017 to reach \$421.4 million. This is \$39 million less than the amount approved in the Estimates last year. Current transfers are projected to decrease by a revised amount from the 2016/2017 levels by \$29.3 million or 2.5 per cent to reach \$1 129.4 million. This amount is broken down as follows:

Subsidies is \$31 million, grants to individuals \$22.8 million, grants to non-profit organisations \$19.6 million, grants to public institutions \$6 044.2 million, subscriptions \$29.3 million, retiring benefits \$269.9 million or \$270 million to round off. Other benefits \$107.7 million and grants to individuals \$4.1 million.

Of the \$31 million approved for the subsidy \$21 million must be provided for the Barbados Transport Board, some of the major state entities SOEs, as we call them, will be provided, as I said, with the \$644.2 million under grants to public institutions. These include the Sanitation Service Authority \$26.6 million; Barbados Agricultural Management Company Limited \$25.2 million; Barbados Tourism Marketing Inc. \$87.7 million; University of the West Indies \$71.3 million, Queen Elizabeth Hospital \$146.3 million and the Barbados Revenue Authority \$26.1 million. It should be noted however that of the \$644.2 provided for the SOEs, \$485.6 goes towards salaries, wages, retiring benefits and debt payments.

In addition the Ministry of Finance and Economic Affairs expects that during the new financial year it would have to provide supplementaries for the Queen Elizabeth Hospital, University of the West Indies and Barbados Transport Board. Non-capital assets consisting of the repayment of loans to the Government are projected at \$0.7 million the same amount as that approved for 2016/2017. Interest payments in 2017/2018 are expected to decrease from 2016/2017 figure by \$38.9 million or 5.3 per cent to \$697.9 million. Amortisation of \$1 126.5 million is projected increasing by \$162.5 million or 16.9 per cent above the previous period. This increase is as a result of additional maturing debentures commencement of the ...

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Hon. C. P. SINCKLER: It is projected increasing by \$162.5 million or 16.9 per cent above the previous period. This increase is as a result of additional maturing debentures, commencement of the repayment of the CAF loans and the maturing of a BAMC/ANSA bond in February 2018.

Capital expenditure for the coming financial year is projected to decrease from the amount approved in the 2016-2017 Estimates by \$25.3 million or 5.6 per cent to \$423.2 million on an accrual basis.

Capital assets are projected to increase over the revised period 2016/2017 by \$71 million to \$183.5 million. This amount is expected to be \$38.4 million less than the amount approved for 2016/2017.

Provisions have been made for the following: Enhancement of immigration services, \$2.4 million; Public Sector Smart Energy Programme, which of course is to assist in retrofitting Government's buildings with alternative energy systems to reduce the electricity cost and make them more energy efficient, is \$10.3 million. This is sponsored by the Inter-American Development Bank under the Smart Energy Loan Programme; The CAF rehabilitation project, \$8 million, sponsored by CAF, to the Ministry of Transport and Works. I believe that work will get started in another few weeks once the tenders have been awarded; The licensing Authority is implementing electronic vehicle registration system of \$1.3 million to improve both the registration of vehicles and, of course, the collection of tax revenue from that source;

The Inter-American Development Bank has also given us \$7.1 million for the road rehabilitation project, which I believe has started in earnest and will continue.

We have provided \$45.9 million for Sam Lord's Castle. This can increase and most likely will increase over the year as the work progresses;

Statutory investments of \$20.2 million;

Capital transfers are projected at \$79.3 million, \$4.3 million more than for the revised period in 2016/2017. Capital transfers are provided for the following: The Barbados Water Authority will get \$50 million mainly to pay debt; The Sanitation Services Authority, \$3 million to purchase trucks;

The Urban Development Commission, \$1.5 million;

The Rural Development Commission \$1 million;

Caves of Barbados, \$2.4 million;

Barbados Conference Services, \$4.9 million; and

The Gymnasium \$9.9 million towards its refurbishment. Of course, this is being paid for by grant resources from the Chinese.

As indicated previously, current revenue of \$2 938.2 million is expected to be collected of which \$2 712.3 million is tax revenue and \$225.9 million is non-tax revenue and grant income.

Total expenditure of \$4 486.7 million consists of current expenditure of \$4 280 million and capital expenditure of \$268.7 million on a cash basis.

Rent amortisation is excluded. A deficit of \$422 million on the cash basis is expected or 4.4 per cent of Gross Domestic Product at market prices set at \$9 563.7 million on the accrual basis.

A net operating balance of \$191.8 million or 2 per cent of GDP; and

Primary surplus is projected for next year at \$276 million on the cash basis and \$83 million on the accrual basis.

Relative to the financing, it is expected that \$1 435.6 million or 92.7 per cent of the finance fiscal deficit on the Accountant-General's basis will be financed from domestic sources. The balance of \$122 million will be financed from foreign capital inflows.

Some of the major outlays that you would see here, Madam Deputy Speaker, in the Estimate, as you would know that the Queen Elizabeth Hospital gets \$146 million allocated in first instance;

The Barbados Tourism Marketing Inc. and the Barbados Tourism Product Authority gets \$87 million and \$8.6 million respectively;

Invest Barbados for marketing Barbados as an investment hub gets \$8 million for its operations;

There will be \$8 million as well and \$7.1 million for the CAF and Inter-American Development Bank road projects. There is grant funding of \$15 million expected to be received for budget support to carry out the Smart Energy Renewable Energy Programme in the Division of Telecommunications and Energy;

Refurbishment of the Gymnasium and Higher education development.

A current subvention of \$26.6 million and a capital subvention of \$2.4 million have been provided for the Sanitation Services Authority; and

Amounts of \$25 million and \$4.962 million have been provided to enable the preservation of investments made in CLICO and British American Life Insurance. Madam Deputy Speaker, you will see that predominately under the category of expenditure on current transfers where you see would under other retiring benefits other benefits that there is a jump of about \$30 million. The majority of that is for payment to people in relation to the CLICO and BAICO restructuring.

The implementation of these solutions which would address the failure of these two companies is now in its final stages. I am so minded to remind the House that the parties involved in each of the transactions are working assiduously to ensure that they meet the targeted date. Specifically in regards to BAICO, the Judicial Manager has indicated that they plan to complete the transfer to Sagicor effective May 31, 2017. Currently the Judicial Manager is updating and verifying the policyholders' records in preparation for that transfer. You would have seen, Madam Deputy Speaker, notices go out in the newspapers asking people who hold policies for BAICO to come in and make sure that their information is correct so that when it is transferred to Sagicor nobody is left out.

The Judicial Manager is also in the process of completing the final actuarial valuation which we hope will be available to us at the end of this month. This valuation will definitely state the amount of life and annuity portfolios to be transferred to Sagicor and have an agreement between the Judicial Manager and the transferee Sagicor finally signed off on.

The Judicial Manager is also currently updating the evaluation and finalising their legal position regarding the BAICO employees' pension plans solution which will be

separate from the larger deal with Sagicor for the life and annuity policyholders.

The Judicial Manager has indicated that they should be in a position to provide the Ministry of Finance and Economic Affairs with the final numbers before the end of March this year. It is estimated that the pension deal with be concluded by July 2017. Once the necessary information is received, the Ministry of Finance will come to the House to amend the legislation to ensure in regards to BAICO that all of the amounts necessary and contemplated for the financial instruments are consistent with the amounts authorised in the Act.

In relation to CLICO, the Judicial Manager of CLICO has, with the support of all the relevant parties, placed a transfer agreement before the court for consideration and the parties are to return to court around March 21, 2017 to have that matter dispensed with. A considerable amount of work is ongoing in the background to facilitate the transfer and the verification of policyholder data in preparation of that transfer which should commence shortly.

The Ministry of Finance and Economic Affairs contemplates that once judicial approval is received from the court for the transfer that it would be necessary to amend the legislation so that we have the accurate numbers included in that legislation. It is therefore intended that the amendments to the legislation for both British American and CLICO Life Insurances will be introduced through resolutions necessary to obtain parliamentary approval for the financial instruments to support both transfers, and these should be completed within the next few weeks. Originally, we were targeting May but they are working with the Financial Services Commission to ensure that everything is covered so while I would not want hold us to a May date we are targeting that date but it is likely that it could go beyond that date given some of the challenges. I really must say that I am very happy that we have reached a stage where we can finally begin to see the disbursement of payments to policyholders under both of those...

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5.14 p.m.

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Hon. C. P. SINKLER: Madam Deputy Speaker, I must say that I am very happy that we have reached a stage where we can finally begin to see the disbursement of payments to policyholders under both of those areas. It has been a long road to travel, there have been a lot of legal entanglements and issues to be worked out. We are not there finally yet but we are 90 or 95 per cent along the way and it is just a small amount of work that needs to be done

so that we can have those policyholders their money and that we start to move on from that situation. Madam Deputy Speaker, we have provided an amount of \$30 million for the Smart Energy Programme and a grand subvention of \$71.3 million for the University of the West Indies.

Madam Deputy Speaker, on the basis of these Estimates the Government expects that the next financial year will continue to be a challenging one for Government. It is one that we should expect that we should return to Parliament in a few weeks to identify a clearer road map in relation to the specific policies which we will implement to bring the deficit down a little further over the financial year and into the next financial year. Our hope is, as I said at the beginning of my presentation, that we can engage in a discussion with all of the relevant parties to ensure that we reach the targets which we have set ourselves, not only in relation to the 4.4 per cent of Gross Domestic Product that we have set in this particularly Estimates document as is laid out here but that we can bring that down further, so that the financing challenges associated with financing such a large deficit can be reduced to no more than about \$250 million or about 2.5 per cent of Gross Domestic Product.

Madam Deputy Speaker, we think that is a reasonable amount for the time being and that that is the target to which we are going to work. Last year we projected 8 per cent of Gross Domestic Product but got it down to 5.1 per cent of Gross Domestic Product. We are projecting 4.4 per cent of Gross Domestic Product this year, we believe we can bring that down to 2.5 per cent of Gross Domestic Product and perhaps even lower, depending on the type of things that we have agreed. Therefore I want with those few words to commend this Appropriation Bill, 2017, to the Parliament for debate and of course to the country and beg to move that this Bill be now read a second time.

Rt. Hon. F. J. STUART: Madam Deputy Speaker, I beg to second that, Ma'am.

Mr. SPEAKER: The Leader of Government Business.

SUSPENSION

Hon. J.D.E. BOYCE: Mr. Speaker, I now beg to move that this Honourable House be suspended for one hour, to be resumed at 5.35 p.m. this afternoon.

Hon. A. D. BRATHWAITE: I beg to second that, Ma'am.

The question was put to the Honourable the House and resolved in the affirmative, without division and Madam Deputy Speaker suspended the Sitting accordingly.

5.25 p.m.

Monday, MARCH 13, 2017

RESUMPTION

MADAM DEPUTY SPEAKER: The Sitting is resumed. Honourable Member for St. Michael North East.

Hon. M.A. MOTTLEY: Thank you very much, Madam Deputy Speaker. I rise in this Debate conscious that I have been a Member of this Honourable Chamber since September 1994. I believe that brings me to some 23 years here and three-and-a-half years in the Other Place where I served from January 1991 to technically June 1994, because there was a three-month Election three months after the Parliament was dissolved. I am forced to reflect, not just because it is the Lenten season, but really because we were just treated to six hours of an admission of an absolute failure by the Minister of Finance in circumstances where I believe that if he could have been in a position to give any kind of different speech, he would have given it. For five hours of the six hours, it was an attempt to find company. Misery loves company. It was an attempt to be on the defensive as to when else have we had less than ten weeks of reserves, and who else spent this money, and why we should not be the only one to blame. I can stop short and engage on all those points, or I can get involved with the political picong as to who is in town too long and who really had to save the economy on those three occasions on which he reflected on economic turmoil; or I can stay focused.

Madam Deputy Speaker, I choose today to stay focused, and I choose to stay focused because if ever there was an admission that this country is in deep, deep economic difficulties, it was the admission that came from the Minister of Finance. This is the same Minister of Finance who, when we brought a Motion of No-confidence in October 2010, denied all of these things. Madam Deputy Speaker, this is the same Minister of Finance who, even as recent as last year with a Motion of No-Confidence that focused on the fundamental issues facing the country, denied it. This the same Minister of Finance who on the eve of the last Election joined in chorus to say there would be no sell-offs, there shall be charging of fees, and there will be no lay-offs in the public sector. There has to be appoint when we now -- and he invites us today and I want to say him that I am accepting that invitation -- to have a serious discussion on the future of this country, because we are at that date with destiny today. We are. Madam Deputy Speaker, we are at that date with destiny because we have a Government that has now presided over this country becoming the most indebted country in the world in respect of debt-to-GDP ratio. We have a Government that has presided over moving from zero million in 2008, the beginning, and Central bank not holding a single piece of

Government paper, to a situation where today it holds \$181.3 billion, according to the last Central bank report. We have gone from zero when we last office to \$181.3 billion, and after obviously someone told the Minister of Finance that his comments to the questions in his last Press conference were also not cute, when he said that he would continue to print money for as long as he needed to print it, he has finally come in here like a chastened little boy and has finally said that the smell and the taste of printing and all of the attributes of printing are now offensive. Well, I have to give thanks for small mercies, and I thank him for the long, belated admission that printing of money is wrong and bad for this economy.

If you are to believe the former Governor of the Central Bank, it is the dispute over the printing of money that has cost him his job. Whether that is the case or not, it is not for us to comment on because that matter is now before the courts. Suffice it to say that this issue of printing of money was one of the major contentions of a Barbados Labour Party going into the last Election. We relied on the Central Bank Board paper of 2012 which sought to increase the level of securities that the Central Bank of Barbados could legitimately hold, but for the Minister to disavow it today as if he was not the Minister of Finance when in every single year since he took office the printing of money proceeded unabated and at a pace that would make any horse at the Garrison look like a "slow poke". In 2010, the Central Bank held \$95 million in Government paper. In 2011, the Central Bank of Barbados held \$223.7 million. In 2012, it held \$236.9 million. In 2013, it held \$490 million. In 2014, it held \$555.4 million. In 2015, it more than doubled to over \$1 billion 71.5 million and last year \$1 billion 813 million, and if we are to believe the former Governor, the Government is printing at a rate of \$50 million a month in order to pay salaries in this country.

I have paused in this moment, because this moment with respect to printing, along with the declining state of the reserves, perhaps best captures, even more than the esoteric notion of debt-to-GDP, why we are in trouble and that urgent action must be taken in this country. Madam Deputy Speaker, in October 2013 this Barbados Labour Party issued a Press release, a series of questions for the Minister of Finance, and two of the questions in there related to the now-talked-about Sections 48 and 49 of the Central Bank Act, and it was on that occasion when the Central Bank was holding less than \$500 million in Government paper that we sought to draw out this Minister of Finance and this Government and this Prime Minister on the very real problems that were confronting this country.

5.49 p.m.

It came after the Minister admitted the rapid decline in reserves, before the Credit Suisse loan and we asked the question whether in truth and in fact we were not seeing

then elements of monetary instability as a result of the continued printing of money and the consequences that would further lead to as well. We were told that we were being too legalistic and we have now seen that had the Central Bank of Barbados complied with its statutory duty from as far back as 2013 or 2014 or as the Honourable Member for St. Peter asked them to do, I think, in 2015 and 2016 we would not be in this position today in 2017.

There were repeated end treaties from the Minister of Finance today that we should come and give our ideas. I want to deal with this upfront before going any further in the Estimates. Do you know how many times, Madam Deputy Speaker, we have done it? Do you know how many times, Madam Deputy Speaker, we have stood on This Side and do it. In 2009, the former Honourable Member for St. John, your predecessor, Madam Deputy Speaker, we asked him to allow us to have a Joint Committee on Finance and Economic Matters and we were laughed out of in here. The Eminent Persons group and the Prime Minister said that he had enough eminent people in his Cabinet to advise him, but I do not only rely on our role because we did not wait for our role to put ideas out there on the table. In 2010, I spoke to the Chamber of Commerce. The Minister of Finance spoke to the Chamber of Commerce in 2011 and everything we heard from him today, which I will come back to, he addressed to the Chamber of Commerce in 2011 but remained Minister of Finance for the next six years and did not implement any of those things that he is now wanting us to give advice on today and that he spent two hours speaking on today. I would like to make his speech a document of the House for all Members to read again. I do not have it on me now but I undertake to provide it to you, Madam Deputy Speaker, because it is instructive reading because you will feel that we have been frozen in time for six years with this Minister of Finance. If words are all he has, then say so and we can find him a job as an impresario but if action is what he is appointed to do, then act he must in the name of the people of this country. It is at that point that we come because we can give all the solutions in the world. The speeches are here. I will make them documents of the House. In 2012, I put a whole host of alternative measures on the behalf of the Barbados Labour Party (BLP) in the Budget Reply including the stopping of the printing of money, including the stemming of haemorrhaging. Those measures are documents of this House. In 2013, to the Chamber of Commerce, so what must we do? We must strategically address these three matters. 1) How can the Barbados Government unlock access to affordable capital so it can grow once again? 2) How can we apply a laserlike focus to restoring growth in our economy? 3) How do we change how we govern and then 15 pages after of specifics? In 2014, the same thing. In 2016, restoring pride, restoring our brand, rebuilding investor confidence in brand Barbados premised around five urgent things that a Barbados Labour Party (BLP) Government would do differently. 1) Address our fiscal

governance by stemming it haemorrhaging and I will come back to that. 2) Stimulate and facilitate growth in our economy predominately by non-fiscal measures. 3) Make it easier for Bajans to do business whether as citizens or business people. 4) Root out corruption. 5) Strengthen key institutions in this country that are now faltering and have now lead us to have a remark from Standard & Poor's that our institutional governance is now weak. This is a country that always scored highly on institutional governance. People said Barbados had strong political stability and Barbados had strong institutional governance. I want to say this with all sincerity that these five measures are here and they are not just five measures in summary, we go into detail. We set out how we would approach the issue of fiscal governance. We set out how we would approach the prioritisation of spending in these 700 pages of this book.

If I want to thank the Right Honourable Member for St. Peter for one thing, it is for pointing out to this country that it is a nonsense to ask him to come and give advice after this document has been printed. It is like the Minister of Finance taking pride just now in telling us that he is going to bring a small business development policy for the first time ever when a Barbados Labour Party (BLP) Government passed a Small Business Development Act in 1998 or 1999. In case the Attorney General did not advise him, legislation follows policy. You cannot draft without policy so let us get that straight so that what we have in the Covenant of Hope on page 26 is a clear identification of how we would address the issues of fiscal governance in this country. We have to get beyond the stage now of the ad hominem and the personality aspects of politics because this country is in trouble.

I have come here today with one message and one message alone. I am talking around it but I have got a message from the people very clearly on Saturday. This country is in trouble and no 30 people can decide what kind of lifestyle Barbados must have from now on. What we must drop and what we must not drop and all of those things. I am coming to that because that is a decision for the 274 000 people of this country that they need a mandate for, but what throw salt in the wound and I do not intend to speak any long speech today because what has to be said has to be said pithily and understood by everybody in this country.

I empathise with the Minister of Finance because at one point today, I saw him talking as if he was trying to send a message to the Prime Minister especially on credit ratings and credit institutions, you cannot borrow on the international markets without having a good credit rating so when he called it rubbish, you did not only affect yourself but you affect all like Sagicor and all your domestic companies that have to depend on borrowing.

Let us go back to the fiscal governance. Remember I told you I have come here to stay focus, Madam Deputy Speaker. I am not dealing with all the balls outside of the off-stump. 1) A Barbados Labour Party (BLP) would address these estimates by giving priority to maintaining law and order, security and public safety. You cannot keep this society together unless it is safe. It is the first responsibility of a Government and if the Government has only responsibility or control over one thing, it does not have it over revenue, it has it over expenditure. We will prioritise according, first to that commitment to law and order. 2) To the protection of public health and access to healthcare. 3) To the employment of our people through formal and non-formal education and the bolstering of a national identity because who we are matters. 4) We need to preserve our public spaces and to protect and enhance our marine and built environment and to ensure access to affordable land and housing in this country.

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Anybody who goes to those housing areas, I will talk about that another day, would see that the density in these housing areas is seriously affecting the social and economic stability of our country and the quality of life therein.

5. We have to be able still as a Government to facilitate growth in respect of economic sectors whichever productive sector that needs stimuli or needs support because the members within the productive sectors cannot do it on their own. I accept that space is getting less and less because people have to take responsibility for carrying themselves; and
6. These Estimates have to protect our ability to defend the national identity of Barbados as a sovereign State and its foreign trade responsibilities, in other words, all of its international persona.

Madam Deputy Speaker, if at the end of the day you go through essentials, highly desirable and optional, you have to stop somewhere, and this is where the Minister of Finance and Economic Affairs and this file differs. I want Honourable Members to listen very carefully because this debate will come to be regarded as the debate of false choices. False choices were placed before this Parliament in that manner today because the Minister of Finance and Economic Affairs was seeking to make a political point rather than making the serious point that he ought to have been making having invited us to engage in a serious national debate, so this then became a question of: Are you going to cut fees, are you going to cut pensions? I am not surprised because the first thing that this Government has always done is to go and look for the most vulnerable. In 2013, they went straight for labour and cut the workers, that is what they did. Did they have an alternative? Yes,

they did. Were they aware of the alternative? Yes, they were. Did they reject the alternative? Yes, they did. What pray tell us that? Let us get real.

We have a Government expenditure in Barbados that we are presiding over as a Parliament that would see \$1.7 billion go in to debt service. I say to the Prime Minister, through you, Madam Deputy Speaker, that \$1.7 billion is the equivalent of our entire wages and salaries bill for central Government, in addition to all of the grants to public institutions plus the National Insurance Scheme. Madam Deputy Speaker, for \$1.7 billion, we need every cent in personal income tax collected, every cent in property tax collected and every cent in value added tax collected just to service Barbados' debt, principal and interest and amortisation and interest. It is by far the largest single category of expenditure that confronts this country but rather than coming to ask us and to engage in a conversation that stops this Government of Barbados from looking like a giant debt collection agency, because you are collecting these taxes to pay debt, this Minister comes and gives us this false sense: What are we going to cut? All of the bravado. I am not saying that those issues do not need to be addressed and at some point they will be addressed but we need to address them in an orderly manner not because we have a gun to our head. What we need to address now and what we should have addressed as far back as four/five years ago. What they had the option to address four/five years ago was the question of re-profiling our debt, having a difficult conversation with our creditors recognising that we so have to share the burden to manage our debt down that we need room to grow this economy.

I accept that there are a lot of non-fiscal measures that we can put in place to help grow the economy but there are a few fiscal ones that we would have to put in place. We need to have an adult conversation to change the profile of our debt, but what we cannot have is a botched attempt. What bothers me is that the Minister of Finance and Economic Affairs in the last Budget Debate put the issue of the restructuring of contingent debt on the table. Now, I thought then that it was an afterthought meant for political purposes to assay the Minister of Agriculture and Water Resource Management because I came in here today for straight talk. It was not meant to be a serious effort because you would not only go to the deal with your contingent liability because you have already taken the reputational hit, so if you are going to deal with the issue of re-profiling debt then we need an adult conversation.

I want to salute both the Honourable Member St. Philip West and the Right Honourable Member for St. Peter who have also put this on this table. Now, if we have been saying it for four/five years as a party, if you have the Minister of Agriculture and Water Resource Management saying it for four/five years and you have the Right Honourable Member for St. Peter saying it: What are we

doing? Are we now to send home people? Are we now to contemplate further cuts in education and healthcare, to services that are beleaguered? Are we now to remove dreams from people simply because a Government does not know what to do, that they are blind? Is was not sufficient for him to ask the Honourable Member for St. Peter to be at his advice, he now wants to ask the whole Opposition, that is how blind he is. Now, if you are serious, however, about asking us for help you do not do so on the Floor of the House in the bald vision of everybody else because the issues that we have to discuss are delicate enough that the people of Barbados ought not to be exposed of and take the deleterious consequences from full and frank discussions on the Floor of the House. What do I simply mean by that? I listened to Moody's last week. What did Moody's say last week? That they listened to the Prime Minister and that they listened to the Minister of Finance and Economic Affairs and came to conclusions as a result of listening to comments and statements by them that clearly triggered that downgrade again. Do they understand that everything we say has consequences particularly in a world today where information moves instantaneously? Are we appreciating that what this Government is asking us to do is to ignore the fact that it is out of its depth and to come and give them bald answers about all kinds of false choices when the clear answer has been staring it in its face.

I am even told, I do not go to Cabinet, that the Minister of Agriculture and Water Resource Management made a full presentation to them. Now, I, like my economic advisor, Dr. Mascoll, do not accept that we should convert local debt into foreign debt but that is not the issue, the issue is the principle of re-profiling however you choose to do it. There are many ways to doing it. Honourable Members in here who do not know should keep quiet and learn. I have had to learn. I did not know but I made it my business to find out and I made it my business, and I suspect that nobody in here knew because nobody in Barbados ever thought that we would ever have to deal with this issue because we never managed our affairs in this way. We were a perfect example of fiscal rectitude.

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Madam Deputy Speaker, we were a perfect example of fiscal rectitude, we were a perfect example of managing our affairs so much so that we never had to depend on anybody else.

Madam Deputy Speaker, I say this because you know, the consequences go beyond the 30 of us Honourable Members here. What are the consequences? Ma'am, the consequences is that to deal with a reprofiling you are talking about a complex exercise that is six to twelve months, you are talking about legal obligation and about all kinds of things. Ma'am, I suspect that the Minister of Finance and Economic Affairs and the

Government now realises that too, hence why the Governor of the Central Bank of Barbados is not in place anymore.

Madam Deputy Speaker, the reality is that you must not come here and hide behind false choices when you know what we have to do. Let us look at it. I want all Honourable Members to take this document and look at Table 5, because last year at Table 5 this Government cut its expenditure on social protection, from \$372 million to approximately \$349 million. These are the same people in Deacons Farm, Silver Hill, and the Pine that the Minister was preying in aid in his presentation who have become the victims of a \$23 million or \$24 million cut in social protection in the last financial year but then let us look at Table 6. In Table 6 the Government spent \$1.6 billion last year on servicing debt that is four times what is spent on social protection in this country. Do you understand what we are talking about? Ma'am, this Government hides and camouflages behind the spending of four times what we spent on social protection where today they are now spending on debt.

Madam Deputy Speaker, let me go further, education is the bedrock of us all, without education none of us would be here. Well, add education and social protection, you would see that the debt is twice what we spend on education and social protection. Ma'am, when I call the Government a great debt collection agency, believe you me, this is what happened to the Jamaican economy where the Jamaicans got stuck in a rot and they was no hope, no growth and this Government is intent on keeping us there.

Madam Deputy Speaker, I say to you that our decision in this country is, do we get in and out of this difficult position in the next two or three years or do we get into a revolving door of a Jamaica or a Guyana? Is there any single party or any single one of us here who has all of the answers? No, but are we prepared to lead, are we prepared to govern or are we simply prepared to come here and gallery and ask the Opposition for ideas, even though the ideas are there? Are you prepared to ignore your own?

Madam Deputy Speaker, I say this now to the Minister of Agriculture, Food, Fisheries and Water Resource Management too, that the Honourable Member has to look in the mirror and asks himself some questions too, because that moment of truth has come to this country. Madam Deputy Speaker, I walk around this country, I have seen more people living in houses without water or electricity. I know what it is now to talk to young people day in and day out who do not know how and where they are getting through. Last week I had a constituent who had to vacate a property, with nowhere to go and to add insult to injury that person was not working. Madam Deputy Speaker, I can carry you all over St. Michael and we are in here making mock sport with numbers, decisions, with who is 'gallerying' whom and who is going to do what to

whom. Ma'am that is why when the Honourable Member was talking to the Honourable Member for the City of Bridgetown I told the Honourable Member to ignore him.

Madam Deputy Speaker, do you understand that the Government wants to spend \$200 million without going to a procurement for Berth 6 at the Port but that the people in the Orleans must live squalor, they must live in houses that cannot be repaired nor cannot get waterborne facilities? Madam Deputy Speaker, do you understand that the Honourable Member for the City of Bridgetown has to do with people uptown in Santo Domingo Alley, Nelson Street, Wellington Street. Madam Deputy Speaker, over \$200 million is proposed to be built for Hyatt Hotel, has the Right Honourable Prime Minister required a planning gain from those institutional developers saying that you can only build a Hyatt Hotel if you are prepared to help us renew uptown and the conditions under which people are living.

Madam Deputy Speaker, God knows, I have nothing against the man who has my initials M.A.M. but when you give one person \$24 million at Valery, \$28 million at the Grotto, \$57-something million in Berth 5, another \$50-something million in equipment at the Port, an acre or two from which to run a cement depot, then you have him in a position for the other \$200 million in Berth 6 and then on top of that, to add insult to injury you cannot even give the few taxi men the trams to move the tourists from the boats to the terminal, but the same man now owns all of the trollies and trams that are carrying the tourists while you have taxi men who cannot get \$100 in fare when the days come. Further, you gave him all the acreage at Coverley for 1 100 houses that were owned by the National Housing Corporation where he can earn over \$100 000 per house. Then you gave him five acres up there, at \$100 per year for him to collect in excess of \$100 000 a month in rent. Then you turn around and gave him Bushy Park. You then turned around and gave him 2 300 lots at Bushy Park that we have not as yet told the country about before. Madam Deputy Speaker, do you understand that I have outlined over \$500 million in benefits to one man, so that when you come to us now and you say that you want to be able to deal with this economy and to deal with this society, I refer to these facts not because I am out to get to anybody but because in the absence of fairness people will not accept that this is our condition.

Madam Deputy Speaker, this issue of debt restructuring, debt reprofiling, whatever you want to call it is an urgent debate that this country must have. Now here is the problem, it is an unseemly public debate but because this Government does not want to have conversations with people seriously this is where we have ended up having those conversations, on the Floor of this House. Madam Deputy Speaker, if the Honourable Member for St. Philip West who is a Member of the Cabinet of Barbados cannot

move the Government to do the right thing; if the Right Honourable Member for St. Peter who perhaps has more influence on them than I do cannot exercise his considerable years of experience to say to them, as the Honourable Member has done in the last two Estimates speeches, then maybe the only person who can make that difference is the people of Barbados, that is why we asked them to come out on Saturday.

Madam Deputy Speaker, people asked to march and then what. Let me tell you "then what". The "then what" is that the people of Barbados want the right to have a say in what is going to be done in their name now that will affect them.

H:D7(36)

I never knew that the Minister of Finance would have come in here to ask us to start to make those decisions in the name of the people of Barbados. I never knew that he would come in here to ask us to start to discuss whether the children and grandchildren of people would be entitled to university education in this country without having to look for money to pay for it. Do you know that there are people we have come across who had to drop out of university because their parents could not afford to pay? It is confused policy signals too, because in spite of all of that, Minister, you have not fully provided in here but yet you are announcing that you are carrying up the threshold. The same time you are telling us today that you want us to make these false choices, your people have announced on Friday that they are expanding the numbers of persons to be entitled to free education in this country. If this is not the most confused, contorted Government, I do not know what is. It is as confusing as the Minister of Finance wanting an Economic Advisory Council and the Prime Minister saying "No, I am giving you two committees." You do not know which direction they are going in, and I am saying to you that Barbados cannot afford this incompetence anymore. Barbados does not have the luxury of carrying this weight of incompetence anymore, and it is not to do with Barbados Labour Party or Democratic Labour Party; it is to do with the fact that \$1.7 billion in debt service, the printing of \$50 million per month in salaries, the declining reserves to the point of being less than ten weeks at \$600-odd million, are all combining to create the perfect storm. The perfect storm is going to hurt those at the bottom more than anybody else in this country; it always does. When Tomas came through, it was the most vulnerable who lost their house roofs. When Tomas came through, it was the most vulnerable who were exposed to the elements. I am saying to you that if we cannot get it right this time, the notion of public service in this country is going to change to a completely different thing; to something that none of us are going to like. If we ever owed a debt to the nation of Barbados, we owe it now; and if this Government is serious, do not make us engage in a

sterile debate. The Minister says he is coming here in three weeks' time with proposals.

Having made mock sport at the Opposition asking -- he is shaking his head -- I would give way and let him elucidate, because he said that in a few weeks' time he is going to bring proposals to this House.

Aside.

Hon. Miss M.A. MOTTLEY: he said not three, few. I am so sorry, I apologise. Let me drink some water, please. We debate a whole week, the Senate debates three days, and this becomes -- in case the Minister does not realise because I am going to come to law shortly -- the law of the land, and then the Minister comes with new initiatives. No wonder Barbados is where it is today. I pray that the Minister of Agriculture will put Barbados first, because the letters which he has written that have become public knowledge make it very clear that there is an alternative path, even if we disagree on the modalities of that alternative path. I pray that the Right Honourable Member for St. Peter will also repeat his call because he has.... Let me say clearly that I have never got into any public personality things with the Right Honourable Member for St. Peter because I have the utmost respect for his professional ability. I really do, and I believe that we are at that moment in time now in this Chamber when all good men and women must stand up for this country.

I remember a speech from the Right Honourable Member for St. Peter that inspired me; when he quoted Edmund Burke in saying that the only thing necessary for evil to thrive is for good men and women to do nothing. We are at that point now in this Honourable Chamber. You can make whatever laughing sport you want to make as is the wont of the Minister of Finance and others, but the Minister of Finance and the Minister of Culture are not going to be the ones who are confronting the realities that will; come as a result of the false choices and the botched surgery. The more I hear this, the more I am convinced that the only option left is to give the people of this country the right to decide and determine their fate at this point.

I really thought the Minister of Finance would have come in here and hidden a little more, but I realise that he also understands that this country is at the end of the road. He realises it. He is nodding. I thank him for that if nothing else, but you cannot say we are at that point and then deny the right of the people to have a say in the quality of life and the type of life that they want in this country. You cannot say we are at that stage and not be prepared to have a mature discussion about debt restructuring, profiling, whatever you want to call it. I really feel that we who control the Standing Orders of this House, if we are serious, let this House go into immediate Committee from tomorrow morning and let us discuss in the context of the

Heads of the Estimates, without prejudice to the speech to the Right Honourable Member who is independent, thereafter. Let us go in and discuss how best we can treat to producing a document by the end of the week that makes sense; a document that reflects a direction that is an interim direction until the people of Barbados can have their own say. What we are doing is wrong, and there can be no Band-Aid over this open wound, because that is what our national debt is. It is almost like a caner that is growing at such a rate that it is crowding out the performance of all other organs in the body. I am not getting in here today, as God is my witness, Madam Deputy Speaker.... I could get in here and give a long treatise as to why this Government is collecting a national corporate social responsibility tax with lawful authority. No law has been brought here to collect that tax, and the tax was announced in August last year, so under the provisional collection of taxes, every cent that has been paid since January this year is unlawful;. I could get in here and discuss the fact that in these Estimates personal Income Taxes have increased by \$96 million. The Minister needs to tell us what the result of that \$96 million is. Is it as a result purely of the removal of the allowances which he said would only net the Government an additional \$9 million? Or is it that the middle classes of this country have now been ambushed and robbed of \$96 million more in personal Income Taxes? Then you want to know why you are not seeing performance in the rest of the economy? It is because people cannot spend, and two-thirds of our taxes are transactional, so if people are not spending, you are not going to tax yield. Why have these estimates been so sloppily prepared, to the point where there is no information in here on what is the \$75 million that is the revised estimate from the sale of a fixed asset? What is the fixed asset? This is not the private property of anybody. We come in here, Members of Parliament legitimately elected, and we have to butt about in here and do not know what \$75 million come from; or is it a lie? Are we playing cowboys and Indians?

6.28 p.m.

Are we playing Cops and Robbers? These are the questions. I have never seen an Estimates as poorly prepared as these and if you go through it you will see explanatory notes from last year with subprogrammes being explained for last year that do not exist in this current year. Somebody really gave you this to send down here? A Cabinet really presided over this? That is why I am not going to dignify it or legitimise this exercise. I want us to deal with the strategic issue that faces us as country. I am not going to prey on this Parliament's time much longer this year because we have reached that moment in time. We have reached that moment in time where election will come and election will go. In fact, this Parliament dissolves, this Parliament 51 weeks from today. Are Members aware of that? Fifty-one weeks exactly from today, no matter what we say, no matter what the Prime

Minister says, this Parliament is dead, dead, dead as a doornail, dead, dead, dead and if a conversation and activities for debt re-profiling takes 6 to 12 months, are we going to seriously have that conversation on the eve of an election or in the middle of an election? Or are we going to recognise that we need to do our business like adults, like a country that has just celebrated its 50th anniversary and to recognise that we need to go to the people of this country for a clear mandate.

I want to thank all of the people who came out this weekend because they came out against threats, against all kinds of mock sport being made at them and they came out with a serious message not only that they are fed up but that they want change. What may have started as a march of disgust, believe you me, Madam Deputy Speaker, turned into a march of hope because in that moment on that afternoon, people realised that the coming together of people in a new governance in this country can bring about a chapter, that is a new national chapter in our history, that there was an energy there where people said look, we are prepared to make the sacrifices, we are prepared to make the changes but we feel that we have to be part of that exercise. We cannot be ignored, we cannot be talked down to, as is the want of Prime Minister, we cannot be treated as if we too are garbage. What the people of Barbados simply want is to get on with the business of living their lives, and planning out for their children and themselves. I say the biggest stumbling block to our doing so is the national debt and indeed the debt service that accompanies it. We ask this Parliament to deal with it in 2012. We asked this Parliament to deal with it in 2013. We asked this Parliament to deal with it in 2014. We asked this Parliament to deal with it in 2015. We asked this Parliament to deal with it in 2016. Well tonight we beg this Parliament to deal with it for the sake of our children, for the sake of our children, for the sake of our nation and for the sake of the stability of this country. Anything else in this Estimates I can talk to any other time in this country, in or out of Parliament but what I cannot do is to look at the faces and the eyes of the 28 or 29 people in here and ask them to search their consciences and put Barbados first with respect to us dealing with this issue of national debt such that we do not put our people on the frontline of the adjustment as the Minister of Finance would put to us today in a false choice. We have options and what would we save? Potentially a couple hundred million dollars. How long would it take? Six to 12 months? Do we need a mandate from the people for the kinds of choices I am asking for? Yes, in my view, we do, but will this Parliament rise to that occasion in this debate or will we treat to that and other solutions for the rest of this debate. Only time will tell.

MADAM DEPUTY SPEAKER: The Honourable Member for St. Michael South Central.

Hon. R. L. SEALY: Madam Deputy Speaker, I rise to support the Appropriation Bill 2017.

I would like to compliment and commend the Minister of Finance for his presentation. I thought it was measured and mature and I thought he was able to address some of the important issues that confront us as a country and I thought it was important that he take his time and make the points that had to be made because the Government has put out an invitation to the people of Barbados to ask a few very serious and fundamental questions. I do not accept that Barbados is slipping away going to hell in a hand basket. In fact, the metrics are showing us that we have seen some improvements in terms of the macro-economic situation and I think we need to put that into the correct perspective. Again I associate myself fully along with my colleagues with the invitation to entreat people so that we can have a mature discussion on some of the fundamentals that need to be discussed.

The Honourable Member for St. Michael North East that just took her seat also accepted the invitation. I suppose as the first Member of Government to speak since the acceptance of that invitation that I should thank her for accepting the invitation and we look forward to her participating. Unfortunately, she too extended an invitation to me for an event on Saturday. I was out of the island but I got a voicemail to come and attend a march on Saturday. I could not accept the invitation because I was not here but I would have love to have RSVPed but unfortunately, living in Christ Church West, I would not know which BLP Office to go and RSVP and decline the invitation because there are two BLP Offices in Christ Church West, I live in Rendezvous. There is one up the hill from me and one down the hill but I did not know but none the less, I got that phone call so apparently, I guess there were invitations being thrown out to one and all. Enough on that really and truly. She has accepted our invitation, unfortunately I could not accept hers but I still, again, that you for thinking that I wanted to be a part of that event. I watched it on YouTube and it was a very interesting display and I would only say that I saw some characters come out that normally you do not see out so regular. I was not sure. There were a few Bajans but I also saw the usual crowd, the Sandy Lane crowd, the Blue Box Cart crowd and so on, coming out with the lotion on their faces and so on, but they were still a few that had their enticements and came out and had fun. That is their thing and if they think that event is representative of really and truly how Barbadians are feeling that is another matter. We have fundamental things to do and the one true thing that I heard from the Honourable Member for St. Michael North East when she said, if you want to govern and have to govern then govern and that is what I am doing.

In accepting the invitation, the one issue that the Honourable Member for St. Michael North East, the Leader

of Her Majesty's Royal Opposition, on and off for the past nine years -- there were some issues along the way as well that is part of the BLP business, but one issue that was raised was restructuring debt. What does that mean? I know the details were very carefully left out. "The debt is four times what we spend on social protection," she says, but where did the debt come from? Who put the debt there, the debt that is threatening our social protection? Who put it there? The Minister of Economic Development at the time, ...

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Hon. R. L. SEALY: Who put the debt that is threatening our social protection there? The Minister of Economic Development at the time put that \$1 billion in debt there. Madam Deputy Speaker, that is not all, that is only what the Honourable Minister of Finance and Economic Affairs reported, that is nothing to do with what was below the line, the other \$500 million that we brought to book, and now we are going to hear that it is our fault that we have to deal with this debt and we got to restructure this debt. Yes, we had to engage in debt. What are we supposed to do? In order for the social protection to remain intact we have had to run Government close to the bone.

The truth is from the time we came to office in 2008 we have not been able to go on any spending spree. You really cannot put this Government at fault for spending money ridiculously.

Asides.

Hon. R. L. SEALY: Tell us about it. Where we have wasted money? There are no Hotels and Resorts Limited (HRLs) and no Greenlands and that kind of thing in this Government. When the Opposition is criticising us for wasting money, do you know what they point out: summer camp lunches, a football competition and that kind of thing. A little \$2 million here and a little \$3 million here. That is what they are criticising us of wasting. Putting \$100 million in a hole in St. Andrew and \$150 million in hotel projects, that is wasting money, that is where the experts are wasting money. They know all about how to waste money, and that is the point.

Madam Deputy Speaker, let us accept that as a Government we have had to run a very tight shift. The fact is that we have not been able to engage in any wild spending and we have opted to try to keep things close to the bone, and it is indeed a credit to this Government that the macroeconomic indicators are starting to look a lot better. Real Gross Domestic Product (GDP) has grown by 1.6 per cent and nominal GDP by 2.9 per cent. We predicted that growth would return. The Minister of Finance and Economic Affairs explained where revenue

collection is concerned. It is not that we have been excessively taxing people. The tax take has not really moved that much over the last nine years. It has been a case where we have had to keep things under control. The reserves, while they are not at previously high levels, are still adequate that we can still function. In fact, the confidence factor is quite high when you look at the investment that is coming into Barbados, and I am going to speak to that because it is very much related to my portfolio and it think that there are a few things that have to be mentioned in that regard.

I want only to say that there is a cost to having to make decisions sometimes in order to keep things on an even keel and I think that Barbadians understand that. By and large people put on their thinking caps and even though in our first term we had to make some unpopular decisions Barbadians understood that there are decisions that might not be popular but you have to make them in the long-term interest of the country and the people. We would not have been re-elected in 2013 if people did not have on their thinking caps and I maintain that they still have on their thinking caps and they are prepared to give this Government a third term on that basis.

Madam Deputy Speaker, even though we have our economic challenges, we have decided that yes we have to protect our social infrastructure at all cost, and the Honourable Minister of Finance and Economic Affairs was very clear on that and it is the position of this Government. You could make three grand statements about charging university students tuition, a fee that is due us by the economic cost that Government still picks up. You have industrialised countries in the world where that does not happen. We still have a healthcare service where you can go to a public institution and get a kidney transplant or even a pacemaker. This is going on in Barbados. We still have a whole slew of offerings through our welfare agencies. The Honourable Member for St. Michael Central is modernising that element and looking at welfare-to-work programmes as well as how to interrupt transgenerational poverty. We are doing those things in terms of social infrastructure.

Madam Deputy Speaker, I have to make the point as well that we are funding this in a plan for the long-term economic growth of Barbados and this is where it comes right back to understanding what is going on in the sector for which I have responsibility. Madam Deputy Speaker, the truth is we are seeing some success in tourism in terms of the numbers. As a matter of fact, we are seeing record levels of numbers coming to Barbados, but this is not through happenstance, this is because of careful planning, yes hard work, and thinking on the part of the Government from the 'get go'. This is thinking that took place even before we came to office.

We understand the structural limitations of agriculture, manufacturing and those other sectors in terms of giving us foreign exchange earnings which is what we need to put the economy on a sustained footing. You need to create jobs in the traded sectors as they are called. It is no point expanding the roll in the public service because that has a high cost, and we know about that because that is another thing that we have to deal with. The last Government employed 10 000 or 15 000 people and it did not dawn on them that there would be a day of reckoning down the road. I guess they did not think that they would have to deal with that, that the next Government would have to deal with that. They kicked the can down the road, bring the drinks somebody else will pay, so we now have to deal with that issue but how are we dealing with it. Unfortunately, we had to limit the hiring in the public sector and we even had to cut a few jobs. We had to trim a little and we kept that to the absolute minimum but we have determined that we can create jobs by having a services-based economy with tourism leading the way, and we have done that again through a number of decisions that were made.

Madam Deputy Speaker, when we talk, for example, about the Airport being expanded, the taxiway, the parking apron and so on, and of course creating more space in the terminal improving the shopping experience and five jet bridges, et cetera, that is connected to what is happening at the seaport with increasing the berthing capacity 75 metres on to Berth 5 and additional berthing as well in Berths 6 and 7, that is connected to encouraging investment into the sector so you have more room stock which would allow for more growth and sustained growth going down the road, and that is connected to the airline policy where you are negotiating to have more seats coming into Barbados from more different markets, and of course looking to move away from as much as the subsidies programmes where you have more co-op marketing. All of this is connected in order to put the sector on a very sustained footing, Madam Deputy Speaker.

Barbados is still highly regarded as a result of these coordinated sets of policies in the different arenas. The World Travel and Tourism Council has said that we scored high in the Travel and Competitiveness Report. The last one was done in 2015/2016, I believe. We were seventh in The Americas, the whole western hemisphere, and number 2 in the Caribbean because we are getting it right and putting the sector on the right footing. We believe very strongly that if we do it, that that in itself can deal with some of these fundamental economic problems that we see.

Madam Deputy Speaker, as I tell the team at the Ministry of Tourism all of the time they have to see what they are doing in a wider context. Traditionally there has been some nervousness with respect to the tourism sector relying on people coming from abroad and relying on the

conditions of economies in other countries but the truth is if you have to be honest in your analysis of the tourism sector it is proving to be one of the most resilient sectors anywhere. People recover quickly whether it is a disaster or a disease with SARS or whether it is a terrorist attack. Confidence falls out sometimes but very quickly it is proven to be quite resilient. The potential is still there.

Madam Deputy Speaker, as well as we are doing in tourism, there is still scope for improvement. For example, the growth that we had in 2016 at 6.7 per cent was greater than what the Caribbean saw at 4.4 per cent which was greater than what the world saw at 3.9 per cent, but beyond that it is still less than 3 per cent of all global tourism that comes to this part of the world so we still have a huge ceiling and therefore planning the way we are by increasing room stock and by increasing opportunities for cruising and so on, cruise and stay programmes, which means that we can tap into some of the success that is associated with that.

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6.50 p.m.

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Hon. R. L. SEALY: Madam Deputy Speaker, beyond that it is still less, 3 per cent of all global tourism comes to the world and so we still have a huge ceiling and therefore planning the way we are by increasing room stock, by increasing opportunities for cruising-and-stay programmes and so on means that we can tap into some of the success that is associated with that.

Madam Deputy Speaker, if I can speak specifically about rooms. In the last financial year, as a matter of fact, 370 rooms were added to the inventory of Barbados, that was Sugar Bay Hotel and Sandals and 820 rooms were started, that is to say you had 1 190 rooms that will be added to the room stock and so we are increasing the capacity and the opportunities for the creation of jobs. We have been advised by the United Nations World Tourism Organisation that every one job you have in tourism creates 3.5 other jobs, that is the indirect elements obviously and the induced impact of tourism. Those are jobs that are connected to both direct and indirect -- subcontractors and the different people who have jobs around the tourism sector.

Madam Deputy Speaker, if we look at it that way, in essence, we can create good jobs that you want to have, because it is an export sector, people are paying in foreign currency and so these are the jobs that you would want to have and we think that we can continue to move in that direction. Ma'am, as a matter of fact, right now we have another 900 room planned even beyond the 1 190 rooms, some of these rooms are awaiting the Town Planning

Department permission, so that again we can continue to expand out, so that maybe by 2021 we can have an additional 2 000-plus rooms added to the room stock, providing more jobs, more foreign exchange earnings and growing the economy.

Madam Deputy Speaker, ultimately when you speak about the national debt and about recalibrating or restructuring it, I do not have a difficulty with any plan like that, but I know that you have to be very careful because the one thing that you cannot do is to wish it away, it is still there and has to be serviced or dealt with. Ma'am, every household knows that because when you walk into the bank and say that you need to restructure your debt, that your bills are too much, that does not come cheap, so let us understand what the Leader of the Opposition is recommending and the only real way out of this is to earn our way and to grow the economy so that we can start to run surpluses and get our debt situation under some kind of control.

Ma'am, this is the direction in which we have to go. It is imperative that we get all of these elements of tourism in place and I always used to make this point. Ma'am, I remember when the numbers were down, we came to office in 2008 where there was not a 3.9 growth in global tourism, there were declines because confidence had gone through the eddies. Ma'am, I used to make the point then to be careful looking at numbers. People over there would get up and would parade the numbers, it was all about the numbers being down. I even had the absurd situation of where they were saying now the numbers in Montserrat have gone up while the numbers in Barbados are down. Well, if a plane stops and refuel in Montserrat and the passengers get off the plane then the numbers would go up. If you had 100 people today and the next day 110 people then the numbers must go up the next year. I mean, I love the Montserratians, the Premier is a good friend of mine but that is the reality, that is the kind of infantile approach that was taken.

Ma'am, I said do not look at the numbers, take a longer ranged view and let us decide how we can make the sector more sustainable. I spoke about market diversification, that we need to get into emerging markets. We got into the Latin American markets, we started in the Brazilian market, and we are in the Columbian market now. We are back in the European market in a big way. I mentioned that I was at an ITB at Berlin only last week, the world's largest tourism fair. We are up to three flights now from Condor direct from Germany and is still doing a lot of business going through the United Kingdom. We have to diversify and also recalibrate to some extent what is happening with our existing markets.

Madam Deputy Speaker, let me give you a very quick example when I speak about thinking and planning.

In 2007 we had about 40 per cent of our business coming from the United Kingdom and 23 per cent coming from the United States of America. In 2016 you will notice that 35 per cent came from the United Kingdom and 27 per cent came from the United States of America but the pie is growing so that even though it is 35 per cent, it is still in real terms more people coming or we are back to those levels, but we have to move away from our overreliance on any one market because that makes us more resilient when future crises come, because they will. Ma'am, in the same way that the global economy grows and then contracts, it will do so again and so we have got to take that sort of planning and approach to how we deal with marketing globally.

Madam Deputy Speaker, the United Kingdom I still our source market and will be for the foreseeable future but when you have a market like that of the United States of America that has so much potential, a market like Europe led by Germany that has so much potential, a market like Canada that was once our source market and still has so much potential, we have to work on those areas. We also have to work on emerging markets like Latin America. Therefore we took a totally different view about how we view Barbados' tourism, it was not just about a few people attacking the United Kingdom, the United States of America and a few Canadians in between, and it was about offering tourism services to the world. We thought we had an excellent product and we thought we could offer it to the world and that is exactly what we have been doing. Madam Deputy Speaker, concomitant with that, if you recognise that in order to grow that you need more rooms, you have to work with private sector elements and if necessary, as was the case with Sam Lord's Castle you get involved but unlike what happened in other exercises, you have an exit strategy. It is not about GEMS or any movies with sharks in it, this is about facilitating the expansion of our critical tourism sector.

Madam Deputy Speaker, what is also so important is that those very real issues matter and matter a great deal but what we also did as a Government is to deal with some of the other element, if I can call them the softer elements, but extremely important -- the creation of the Barbados Tourism Product Authority to make tourism more inclusive, implementing strategies to ensure that a wider cross-section of Barbadian people businesses and entrepreneurs can benefit from the prosperity of tourism and providing technical advice where needed. We pay special emphasis on linkages, particularly to the culinary and agriculture elements, indeed the cultural element as well and doing what we have to do in promoting Barbadian products and services. The Barbados Tourism Product Authority also worked with the other tourism agencies but of course working with other Government departments as well. The Barbados Tourism Product Authority is still a work in progress and you will see in these Estimates the

budget element has been adjusted downward but that does not mean in any way that the work has eased off because a lot of the work is executed by other agencies. Therefore for example, you see the Ministry of Transport and Works has not one but two programme, one from the CAF, one from the Inter-American Development Bank totaling \$15 million. There are times when you have to interact at that level in terms of accessing our attractions and having proper road facilities and infrastructure in our tourism areas.

7.04 p.m.

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Hon. R.L. SEALY: ... The Barbados Tourism Product Authority has been a very important element all along. It is important that we study what we are offering as a mature destination, and this very reasoned approach where you have marketing separated from product has in fact become a beacon and an example, and many people are looking at that. I am not saying we had the first product authority in Barbados; other parts of the world have gone in that direction, and yet others are looking and studying what we have done because there are some successful things happening in Barbados. It is not, again, by chance but through the deliberate planning and execution of a strategy we have been working at and people who have been thinking about what they have been doing.

I heard it even suggested that because of the terrorist attacks in North Africa, this is the only reason we are getting more tourists. Again, safety and security is one of the key brand elements which we have, and that in itself and the manner in which we protect it and harness it. Indeed, the Product Authority, working with other elements to ensure safety and security, and working with the Barbados Tourism Marketing Incorporated (BTMI) as well to make sure it is properly marketed, because it is a big thing for visitors, especially our repeat visitors. Madam Deputy Speaker, I think when we are talking about the conversation we need to have about the social infrastructure that is appropriate for Barbados, that social super-structure has to be founded on a substructure of economic soundness. It is important that the message go from here that the success in tourism is not a one-off or "two-off", should I say, because 2015 and 2016 were both record years. It is an extension or a result of deliberate work that has been done, not in order to see not that we have one or two or three record years or that forward bookings are good for the next season, but it is about putting the sector on a firm footing so that ordinary people from all walks of life can benefit from the sector.

I understand we are going to get into the Education Head, and I will speak to some of the manpower planning issues as well because that is very important with the sector. It is a people-centred element, and there are some very innovative things happening over at the Ministry of Education which would facilitate the manpower planning that went into the Tourism Master Plan. All of these things, again, are deliberate actions so that we are thinking about five and even ten or 15 years down the road. That is the way we are doing it. We are going to get into the Health Head as well, I am told, and I look forward to talking even about medical tourism or health tourism, preventative and curative, since there are some things and some more things that will happen because of the environment we have created and because of the various incentives we have put in place.

I was happy that the Minister of Finance was able to talk about concessions and their role in promoting economic growth. We have had a situation where, between January of 2015 and this year, the concessions under the Tourism Development Act which went to the hotel sector specifically for operational inputs -- the protein and the alcohol -- amounted to just under \$12 million. Many of the properties receiving those concessions have refurbished, and that is showing the Government's strategy again. I did not even address that when I was talking about the many different cogs that have gone into creating the new tourism dynamic that is taking this country forward. The fact that you amend the Tourism Development Act for the express reason to encourage investment and you see not only new properties coming on stream, but you see the existing players refurbish is a very good sign. The President of the Barbados Hotel and Tourism Association said at the Social Partnership meeting that there were 26 and 26; that is 52 properties refurbishing. Excellent news. Not only does it improve your offering and attract more visitors, but a refurbished property means that you can demand a higher rack rate; more foreign exchange coming in. You can get a better dollar, so we have to encourage as much as possible, for these properties to continue to do that aspect of things.

I thought that I had to just give that context. It was important in terms of the whole question of how tourism fits into this picture of the economic growth that we are seeing. Again, we have challenges but GDP is growing, value-added from tourism is growing, unemployment is going down, and there are things which we can be encouraged about. These Estimates, even though we are a year from the end of this particular Parliament...

MADAM DEPUTY SPEAKER: Honourable Member, you have two minutes left.

Hon. R.L. SEALY: Madam Deputy Speaker, even though we are a year from the end of this Parliament, we have opted to have a deficit to GDP ratio of 4.4 per cent.

We have not gone on any spending spree. We understand that we have to be disciplined at this time, and that is why I think the Leader of the Opposition had such a hard time trying to find something to criticise in terms of what we are doing in relation to spending. I am being reminded about 2006 and 2007 when it was all sorts of spending being done, including the road programme in St. Philip and the Urban Development Commission programme. We missed and walked out of Parliament, and that was when the spending spree took place. They had a trailer load of supplementaries coming in here when we walked out, so they could win an Election they did not win. The Member for St. George North is smiling. He brought half of them in here and it did not make a difference. Anyhow, that is the way it is.

Before I take my seat, I will also just say one thing as well. The Leader of the Opposition, the Member for St. Michael North east, seems to be on this thing about shame and scandal and using the word "corruption" very liberally. I do not accept that; Transparency International does not either and rates us as one of the cleanest governments anywhere. I will take their word first, because they are not organising marches or anything like that. I am very proud to be a part of this Government that has been internationally recognised as being very clean and doing what it has to do. Again, Madam Deputy Speaker, I will hope that the Opposition will not speak out of both sides of their mouths. The Leader of that Opposition has accepted the invitation and so far has only put one thing on the table; that is restructuring, in a very vague way. She has not gone into any details or specifics, but we will wait to see what the rest of her team has to offer. In the meantime, I will just say once again, "Well done," to the Minister of Finance, the Member for St. Michael North West and to all of my colleagues. We have done well under these circumstances; putting people first and not spending excessively but making sure that the social fabric remains intact. I am obliged to you, Ma'am.

Asides.

MADAM DEPUTY SPEAKER: Honourable Member for Christ Church South.

Hon. J.D.E. BOYCE: Thank you, Madam Deputy Speaker. With that we have come to the end of Government Business for the day but not the end as such. What we will do, as usual in the Estimates, is to suspend.

SUSPENSION

Hon. J.D.E. BOYCE: Madam Deputy Speaker, I beg to move that this Sitting be suspended until 9:30 tomorrow morning when the Second Reading speeches will continue.

Hon. R.D. JONES: I beg to second that, Ma'am.

The question that the Sitting do now suspend until 9.30 a.m. was put and resolved in the affirmative without division and MADAM DEPUTY SPEAKER suspended the Sitting accordingly.

7.07 p.m.

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EDITORIAL NOTES — NOT PART OF THE REPORT

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

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. Masthead. The session is not stated in the source, so no session line is printed.

Q2. Order No. 20, take-slip about 12.27 p.m.. The sentence giving transfers of ‘\$177 million in 2013-2014, \$163 million in 2014-2015 ... \$160 million’ was typed at the end of one take and again at the start of the next (take-slips H:No.D7A (13) and Seq 14). The fuller second version is printed and the first (about 35 words) has been left out. Please confirm.

Q3. Order No. 20, Hon. C. P. Sinckler. The Minister of Finance’s name is spelt ‘SINCKLER’, ‘SINKLER’ and ‘C. SINCKLER’ in the speech headings. Early in his speech he addresses ‘Madam President’ although the Deputy Speaker was in the Chair. Printed as in the source.

Q4. Order No. 20, reporters’ markers. Several reporters’ markers appear as ordinary text lines rather than take-slips, e.g. ‘Seq. 3’, ‘House D 7A Seq 10 11.47 a.m.’, ‘House D 7A Seq 14 12.26 p.m.’ and ‘Monday, MARCH 13, 2017’. Printed as in the source.

Q5. Afternoon suspension. After the Prime Minister seconds the second reading, a line is labelled ‘Mr. SPEAKER’ and Hon. J. D. E. Boyce addresses ‘Mr. Speaker’, although Madam Deputy Speaker was presiding and suspended the Sitting. The motion is to suspend ‘for one hour, to be resumed at 5.35 p.m.’, but the take-slip before the Resumption reads ‘5.25 p.m.’. Printed as in the source.

Q6. Order No. 20, second reading. The Minister’s speech ends and the Prime Minister seconds, but no question on the second reading is recorded; the debate continues after the suspension and the Sitting is suspended again at the end of the day. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at 10.00 a.m. on Monday, 13th March, 2017, with Madam Deputy Speaker in the Chair; prayers were taken by Rev. Father Mark

Harewood. The Minutes of 7th March were confirmed, the National Petroleum Corporation (Amendment) Bill, 2017 was read a first time on the motion of Hon. J. D. E. Boyce, and Standing Orders were suspended.

The Minister of Finance and Economic Affairs, Hon. C. P. Sinckler, Member for St. Michael North West, moved the second reading of the Appropriation Bill, 2017 (Order No. 20) in a speech that ran through most of the day. He said that since 2008 the Government had taken tough decisions without Opposition support, answered criticism that foreign reserves had fallen to 10 weeks of import cover, and told the House that a regional commercial bank had offered a loan facility of up to US\$100 million to back the reserves, which had not yet been taken up. Tabling a sheet of figures on state-owned entities, he traced transfers to the Transport Board from \$16.2 million in 2000-2001 to \$40 million by 2008-2009, and grants to the Sanitation Service Authority and the tourism agencies. Mr. G. W. Payne and Hon. Miss M. A. Mottley rose on points of order, both of which were found not to be points of order.

After lunch the Minister spoke on wages and salaries, retiring benefits, the Israel Lovell Foundation and the debt; Hon. Miss Mottley rose again to say that the recommendations of the Surrey Report had never been accepted. He said the deficit, projected at 8 per cent of Gross Domestic Product the year before, had been brought down to 5.1 per cent and was projected at 4.4 per cent, and that payments to policyholders were 90 or 95 per cent along the way. The Prime Minister, Rt. Hon. F. J. Stuart, seconded, and the Sitting was suspended for an hour.

On resumption Hon. Miss M. A. Mottley, Member for St. Michael North East, said that the Minister had admitted that the country was in deep economic difficulty, and spoke of the dispute over the printing of money and the former Governor of the Central Bank, the decline in reserves, and her party’s priorities beginning with law and order. She said she had never seen Estimates as poorly prepared, and thanked those who had marched that weekend.

Hon. R. L. Sealy, Member for St. Michael South Central, supported the Bill, saying tourism growth in 2016 of 6.7 per cent exceeded the Caribbean’s 4.4 per cent and the world’s 3.9 per cent, and that 370 rooms had been added in the last financial year with 820 more started. On the motion of Hon. J. D. E. Boyce, seconded by Hon. R. D. Jones, the Sitting was suspended until 9.30 a.m. the next day, when the second reading speeches would continue.