
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2018 – 2022

HOUSE OF ASSEMBLY

Tuesday, December 1, 2020

At a meeting of the House of Assembly at the Worthing Corporate Centre on Tuesday the December 01, 2020, at 10.00 a.m. pursuant to the Adjournment.

PRESENT:

His Honour A. E. Holder, B.Sc. (Hons.) MSW, LL.B. (Hons.), L.E.C. (Speaker)

His Honour Mr. N. G. H. Rowe (Deputy Speaker)

Hon. G. W. Payne, Q.C.

Hon. R. St. C. Toppin, LL.B. (Hons.) (Minister of International Business and Industry)

Hon. Miss M. A. Mottley, Q.C., LL.B. (Prime Minister, Minister of Finance, Economic Affairs and Investment, Minister of National Security and the Civil Service)

Hon. Miss C. Y. Forde, J.P., L.C.P., (Minister of People

Empowerment and Elder Affairs)

Hon. D. D. Marshall, Q.C., LL.B. (Hons.), L.E.C., (Attorney-General and Minister of Legal Affairs)

Hon. T. A. Prescod, B.A.

Hon. K. D. Symmonds, B.A., LL.B., (Minister of Energy, Small Business and Entrepreneurship)

Lt. Col. the Hon. J. D. Bostic, MVO, B.A. (Hons.)

(Minister of Health and Wellness)

Hon. E. G. Hinkson, LL. B (Hons.) L.E.C., LL.M

Hon. D. G. Sutherland, B.Sc., M.Sc., M.B.A (Dist.)

(Minister of Youth, Sports and Community Development)

Hon. Miss S. J. O. Bradshaw, LL.B. (Hons.), L.E.C.,

(Minister of Education, Technological and Vocational Training) (Leader of Government Business)

Bishop J. J. S. Atherley, J.P., B.A., B.Sc., PgD. (Leader of the Opposition)

Dr. the Hon. W. F. Duguid, J.P., B.S.S., F.D.S., F.D.R.C.S., M.Min. (Minister of Housing, Lands and Maintenance)

Hon. W. A. Abrahams, LL.B. (Minister of Home Affairs, Information and Public Affairs)

Hon. Ms. C. S. V. Husbands, B.A. (Hons.), M.Sc. (Minister in the Ministry of Foreign Trade)

Hon. I. A. Weir, M.B.A. (Minister of Agriculture and Food Security)

Hon. A. R. Forde, RPh. (Minister of Environment and National Beautification)

Hon. C. McD. Griffith, B.Sc. (Minister in the Ministry of Water Resources)

Hon. P. R. Phillips, (Minister in the Ministry of Agriculture and Food Security)

Hon. J. A. King, BSS. (Minister in the Prime Minister's Office, with Responsibility for Culture and National Development Commission)

Hon. C. E. Jordan, B.Sc. (Hons.) (Minister of Labour and

Social Partnership Relations)

Dr. S. E. Browne, M.B.B.S. (Chairman of Committees)

Hon. K. D. M. Humphrey, B.Sc., M.Sc., M.P.A. (Minister of Maritime Affairs and the Blue Economy)

Hon. R. R. Straughn, B.Sc., M.Sc. M.P. (Minister in the Ministry of Finance)

Hon. Miss M. K-A. Caddle, B.A., M.Sc. (Minister in the Ministry of Economic Affairs)

Mr. R. A. Thorne, Q.C. LL.B., L.E.C., Dip. Theology

Mr. G. P. I. GOODING-EDGHILL (Minister of Transport Works and Water Resources)

Ms. T. N. S. MOORE

Mr. Speaker took the Chair at 10.15 a.m.

Prayers were taken by Rev. Father Mark Harewood.

Mr. SPEAKER: This House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of the Meeting held on Tuesday, November 17, 2020 to be confirmed.

Hon. Miss S. J. O. BRADSHAW: Mr. Speaker, I beg to move that the aforesaid minutes be confirmed.

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

FIRST READINGS OF BILLS

Mr. SPEAKER: Honourable Leader of Government Business.

Hon. S. J. O. BRADSHAW: Mr. Speaker, I beg to move the first reading of the Central Bank of Barbados Act, Cap. 323C, dated the November 19, 2020.

Hon. Miss C. Y. FORDE: I beg to second that.

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

Mr. SPEAKER: Honourable Leader of Government Business.

Hon. S. J. O. BRADSHAW: Mr. Speaker, on November 16, 2020, notice had been given of a former Bill, the Central Bank of Barbados Act Cap. 323C and therefore I beg to move that this Bill now be replaced with the current Bill dated November 19, 2020.

Mr. SPEAKER: If I am hearing you correct, you are begging to withdraw the first Bill that was done on November 16, 2020.

Hon. S. J. O. BRADSHAW: Yes Sir.

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

Hon. S. J. O. BRADSHAW: Mr. Speaker, I just want to clarify also that on the Order Paper, Order No. 2 will still read the Central Bank of Barbados Act, but we will be referencing the one dated November 19, 2020.

SUSPENSION OF STANDING ORDERS

Mr. SPEAKER: That is understood.

Hon. Miss S. J. O. BRADSHAW: Mr. Speaker, I beg to move the suspension of Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of today's Sitting.

Hon. W.F. Duguid: I beg to second that.

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

GOVERNMENT BUSINESS

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

ORDER NO. 2

TO MOVE THE SECOND READING OF THE CENTRAL BANK OF BARBADOS BILL, 2020

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

Hon. R. R. STRAUGHN: Thank you very much Mr. Speaker. Sir, I rise this morning to pilot this debate to effectively repeal the existing Central Bank of Barbados Act, very aware that just 20 years ago, I had the good fortune of graduating from the University of the West Indies and having a conversation with the then Dean of the Faculty about where I would see myself in the not too

distant future. Sir, as a result of that I was recommended from the economics department of the University of the West Indies to the Central Bank to be the research officer for that year.

Of course, I was interviewed by the then Director of the Research at the bank, as well as the Chief Economist. Whereas one thought that you knew economics having graduated top of the class, Sir when you find yourself in an interview which went very well but was a bit vigorous as one would appreciate the Central bank would require. The second interview was with the HR, and once I thought I had gotten over the first hurdle with respect to the core economic issues that were asked of me in that first interview, the second one was perhaps even more intense. Being that the Central Bank of Barbados has always been that institution in this country that has been lifted up and seem as an institution of integrity, as an institution where Barbadians ought to be able to trust the information and advice coming from that institution given that at that time the institution that we knew as the Central Bank of Barbados served as a protector and guardian if you like, with respect to our way of life in Barbados. Having gone through those two vigorous interviews Sir, my introduction to work at the Central Bank in September of 2000 was quite intense, and it was only then that I realised I knew very little about economics having graduated at the top of the class until I started to get into the meat and substance of actually trying to understand how small open economies work, and certainly how we fit in the context of the global environment.

Twenty years on, I find myself in this place bringing this Bill before this Chamber as part of a process where this Government, having come to office two and half years ago, found ourselves in a situation where the very institution that I would have to openly admit that I learned economics and its practice found itself at the center of what could have potentially destabilised the Barbadian way of life.

This for me, Sir, a very powerful and emotional experience because being the beneficiary of State-funded tertiary education, I know that without that support I would not be here today to do that which ordinary Barbadians have been able to do since our Independence. It is a very emotional moment for me, Sir, because you would recall that not only did we come to office to try to stabilise the economy but equally the future of this country with respect to the policy as it relates to a tertiary education and allowing ordinary Barbadians whether from Peterkins, Pie Corner or any part of this country to aspire, to give back to your country that which your country had invested in you.

I stand here this morning very proud to be able to demonstrate to all Barbadians that this BLP Government continues to be committed to ensuring that the people of this country ought not to ever feel as though they can lose

hope because our commitment, Sir, to the development to the human capital of this country is critical to ensuring that we can continue to lead globally knowing that we have invested in the welfare, as well as the well-being of all Barbadians.

We came to office two and half years ago in a climate where we observed between 2013 to 2018 an environment where the CBB which as an economist one of the most trusted institutions not just in Barbados but in the region, the CBB was for a lot of people that institution they could trust and put their faith in because when you put your money into any financial institution, for the most part banks, most Barbadians felt as though the CBB had their back. During 2013 to 2018, we observed some very disturbing trends developing where for the first time the Head of the CBB started to make up his own surveys and undermining the very process of data collection and rigorous statistical analysis. He then made it public as if to make light of the important work that certainly the Barbados Statistical Service (BSS), as well as other agencies of Government responsible for the collection of data.

We saw a situation where the previous Governor of the CBB stopped engaging with the media to release information in the timely fashion that ordinary Barbadians had come to expect of the leadership of that institution. Equally, the CBB during the last Administration engaged in what we refer to as monetary policy which is its domain that was counter-intuitive to what its mandate was and as we all know as Barbadians what the mandate of the CBB is. It is to maintain the parity of the Barbados dollar to the United States (US) dollar. We all know, Sir, that is 2 to 1. Therefore, the Government as well as the CBB equally have an obligation to ensure that whether it is fiscal policy on the Government side or monetary policy on the CBB side, it is important that those two sets of policies are consistent with respect to maintaining the peg of the Barbados dollar to the US dollar.

It is a simple philosophy that we have taken as a country certainly since the establishment of the CBB in 1973. Therefore, we come to this place this morning very aware that we have to ensure there is trust, credibility and certainly in the context of a Central Bank credibility is perhaps the most important element because credibility in economic terms speaks to the level of investment that one could expect externally to the local business climate. Therefore, a Central Bank has to do whatever it has to do to ensure that it is credible and to the extent that the actions of a Central Bank really determines whether people will get a job or not.

The business environment and investment climate are often determined through monetary policy whether banks lend, financial institutions lend to each other, what

are the terms of those loans whether short or long term and the management of the financial resources within the financial system and the stability of the financial system is critical to the operation of any economy. Therefore, a Central Bank has the responsibility as the entity who in a real sense if a bank in this country or any country found itself in trouble, it is the Central Bank whose responsibility it is to ensure there is no systemic risk or contagion that can spread within the context of the financial system.

Therefore, the operations of a Central Bank must be consistent with that very most basic and fundamental tenet. The reality is, Sir, that banks sometimes fail. We have not had a bank failure in Barbados for some time and long may that remain so, but banks do fail from time to time. It is the responsibility of a Central Bank to first and foremost ensure that depositors are protected and whilst we have a Deposit Insurance Scheme the prudential regulations that a central bank operates under is critical to protecting, Sir, first and foremost the depositors but equally ensuring that there is stability within the context of the financial system therefore the conduct of a central bank and the credibility that goes with that conduct is a very critical cog within the context of how confidence evolves in an economy whether it is confidence at an investor level, whether there is confidence at the business level or whether it is confidence at the consumer level because whether a consumer determines whether they will borrow to do a little renovation or borrow for a mortgage or borrow to start a small business, that is for the most part linked and driven to the level of confidence that they see in their being able to get some return on that investment down the road. Whether businesses are able to expand and grow their market is determined for the most part by the confidence within the context of the financial system, whether banks or the other financial institutions, Sir, are able to lend comfortably, understanding the risks with respect to those loans equally determines confidence within the context of the economy but all of this, is predicated on a regulator, a central bank being able to ensure that it is first and foremost monitoring the conduct of, not just the financial system, but understanding, Sir, what is required to be able to keep the monetary policy position in our case, the protecting of the peg and being able to ensure that persons can execute their plans in order to further their objectives. When a central bank finds itself in the middle of discussions when the conduct of a central bank finds itself in the contemplation of investment then you know, Sir, that you have an issue because as a regulator, as the lender of last resort, your interaction with the market, as we would say, is pretty much more from a perspective of having to intervene to prevent something as opposed to intervention in order to support reckless spending on the part of a previous Administration, therefore, we observed between 2013 and 2018 a series of downgrades of the credit quality of Barbados which in part, was supported by financing from the Central Bank of Barbados to the last Government that

saw our credit rating move from BB all the way down to CCC which is quite extraordinary because of both the fiscal and monetary policies that were being executed by the previous administration and by the then Central Bank of Barbados that led to use losing a significant amounts of foreign exchange because the confidence, a confidence was weaning with respect to investment from foreign direct sources and we came to office in order to reverse that. We started off very early on by imposing on the Central Bank of Barbados clear restrictions with respect to the amounts that they will be able to lend to Government and we did not do it just because we wanted to be contrary to the previous Administration, which we are from a clear policy perspective, but it was done, Sir, because that was what was required to ensure that we can maintain the ordinary lifestyle for Barbadians so that persons can then start to see a turnaround with respect to the way that Government conducted itself and that we created a situation where investor confidence as well as business confidence can start to improve.

The importance of a Central Bank in all of this cannot be underscored enough because as I indicated, Sir, the discipline of Government and the discipline of a Central Bank to maintain its monetary posture in support of its mandate of maintaining the fix exchange rate at two to one is absolutely important for every single economic agent, in this country because as we go about our daily life, whether we are in banking, whether we are a taxi-man, Sir, whether we are a vendor down Cheapside, whether we sell car parts, no matter what it is we do as Barbadians we do so as we go about doing our chosen profession and we get good at what we do and we seek to get better and better at it, Sir, year after year after year, all of that is done and executed on the assumption that the Central Bank of Barbados, in a sense, Sir, our goalkeeper, if you like, is not going to run out of the bars and try to become a striker when that is not its roll. Sir, you would recall José René Higuaita Zapata from Colombia and how tragic those things turn out to be.

Mr. SPEAKER: Came to a sudden end.

Hon. R. R. STRAUGHN: To a sudden end, Sir.

The reality is each of us, as economic agents, participate in this thing called the economy on the assumption that our goalkeeper is not going to get a rush of blood and start to try to do things that it ought not to be doing because it wants to serve some strange political or strange agenda with respect to supporting policy that you know will lead to a goal, therefore, this Government has come to Office to correct a number of things as it relates to the operations of the Central Bank of Barbados. As we know, Sir, institutions are made up of people, they are made up of managers therefore we have to ensure that the corporate governance as well as the internal management

of all of our institutions are sufficiently strong that 1) it insulates the institution from any political interference. As you know, Sir, the Central Bank of Barbados has always prided itself on the independence and long may that remain so, Sir, but much more importantly one cannot be so independent that you are detached from the reality of ordinary Barbadians, therefore, the appreciation for why that independence is important in the context of the ability to understand the plight of ordinary Barbadians is absolutely critical in this small open economy called Barbados. That, Sir, above all else is why we have come to this Chamber today to deal with the legislative side with respect to creating a framework, with respect to reforming that process but it is up to the people of the Central Bank of Barbados who work there, who ultimately will determine through their actions, whether they would live up to those ideals that the Central Bank of Barbados has set for themselves.

Sir, one of the things that I am very proud of the Central Bank of Barbados, and it is a written and unwritten rule all at the same time and it is enforced very fiercely because from the inception of the formation of the Bank under Sir Courtney Blackman, is that one of the very, very clear, clear, clear rules was that there was to be no hiring of family members within the context of the Central Bank of Barbados. Sir, one would appreciate that in a banking environment of your money is involved why this would be important because the ability for persons to execute their tasks dispassionately required in those early days the assurance that there would be no familial relations that could potentially create any issues within the context of the operations of the Bank. Sir, this has been one of the strong features within the context of the operations of the Bank and it has remained so up until now and that is one of the very, very important characteristics that has allowed the staff of the Central Bank of Barbados to build up experience over the last 40-plus years in terms of being able to ensure that the creditability of that institution can remain intact such that there would be no, if you like, Sir, scandals with respect to the involvement of family members.

Sir, I will say, as you know with institutions, that one cannot determine who you love and the only exception to that rule is where persons may have gotten married within the context of the institution but of course what that then means is that you cannot be working in either the operational side together and therefore the Bank has a very strong internal mechanism to protect itself from that which other institutions may have found themselves. Sir, I believe that as we look at the reform of a number of our other institutions as well that this perhaps something that we need to revisit to ensure that through our hiring practices that we ensure that we give these institutions, not just the Central Bank of Barbados, the best possible chance to ensure that we do not compromise inadvertently the ability

of the institutions to function simply because you may be my cousin or I may be your nephew and therefore within that context the management of the institutions may become compromised because of such situations.

I know, Sir that in a small open economy it is difficult because everybody knows somebody either from school or church or whatever association that you may have but I believe that this is the one thing that the Central Bank of Barbados has gotten right over the years and continues to be so and I believe that if we can replicate this very simple thing across institutions that we would have done a very good thing for ensuring that there is credibility with respect to hiring practices and I genuinely believe, Sir, that it will alleviate some of the internal management issues with respect to a number of our institutions.

Sir, today this Bill seeks to resolve a number of key governance issues that we recognised as a Government needed to be sorted. Sir, it is important to understand in a COVID-19 environment why it is even more critical that the Central Bank of Barbados is repurposed and repositioned in order to response to the needs of Barbadians. Sir, the average person in Barbados they may be watching this thing trying to figure out why it is that the Parliament is now discussing a Central Bank of Barbados Bill given all that is happening in the country and certainly in the context of the global economy, but the reality is that as we have gone through just yesterday and we celebrated our 54th year of Independence our reality now as we move forward and try to transform every aspect of how we do things in Barbados, the Central Bank of Barbados as strong an institution as it was equally now has to look at itself to determine how best can it serve the interest of ordinary Barbadian going forward especially given the significant fallout that we have all experienced in this COVID-19 pandemic, and therefore to whom much is given certainly much is expected and therefore our philosophy is that there can be no excuse from a legislative perspective any inability for the Central Bank of Barbados to position itself, to modernise as we have asked every single institution to do. Sir, there would be a series of other reforms which would be rolled out very soon with respect to dealing with a number of issues as it relates to banking in this country.

I know, Sir, that we have had a number of complaints over the years with respect to the level of customer service that a number of Barbadians have experienced within the context of the commercial banking sector but the reality is that when the Central Bank of Barbados was established coming out of the Currency Union with the Eastern Caribbean in 1973 Barbados was still just coming out of a few years earlier of independence of building its institutions and therefore what was required of the Central Bank of Barbados then by way of prudential management being the regulator was critical for the development of Barbados at that time and therefore the

nature of banking even the context in which persons engaged in banking certainly was considerably different then compared to now, and therefore as we move forward in this now the third decade of the 21st Century, the Central Bank of Barbados still has to ensure that the financial system remains stable because in a global environment where financial transactions or the country's ability to do business, a bank's ability to have correspondence banking relations in order for the person selling car parks to be able to get the parts from Japan, the manufacturer that needs to get some raw material from India or wherever they need to be able to pay for those services, when our fashion designers receive orders and they are exporting, we need banking relations in order to be able to remit those moneys back to Barbados and therefore the condition under which we are operating today certainly are much more hostile given all that we have seen with respect to the Organisation of Economic Corporation and Development, the European Union, the Financial Action Task Force and all of the related activities around "Knowing Your Customer" (KYCs) and all of these issues have converged to a point where ordinary Barbadians now are being asked... Mr. Speaker, Sir, every two years you [would] get a letter from your bank telling you that your information is out of date, that you should renew this and that, and it requires of us to change with the times, but with changing with the times it means that our institutions must invest in not just the personnel but the technology, to be able to ensure that we can keep pace with respect to the changing environment and therefore if we want Barbadians entrepreneurs and Barbadian businesses to expand and to grow, it means that we must put the various pieces of infrastructure in place in order to facilitate that, which means, Sir, that at the end of it, Sir, we can only do what we have to do to grow our businesses or enterprises if we know or we are comfortable that the entities responsible for ensuring that we can actually do business are equally at the frontline or [are] keeping pace with the level of dynamism (if you like) that is taking place globally and that they are essentially having our backs on the frontline to allow us to go about our daily lives.

Mr. Speaker, Sir, that is where we find ourselves today with respect to reforming a system (because in the past we would open a bank account, we would put some money on it, we would withdraw, we might write some cheques and do our business in that traditional way). Over the course of the last few years we have seen the introduction of forms if you had more than \$10 000, as the money laundering rules came in. The truth is, Sir, that most Barbadians, when you really think about it, before COVID-19 pandemic if you went to Oistins on a Friday night you would see the roaring trade there, but those businesses then would then have to submit a form declaring their earnings from those nights' taking. The reality, Sir, is that none of those persons there in Oistins on Friday nights do engage in money laundering activities; people come, whether

tourist or Barbadians, they come and engage in their business, everybody has a good time, but the reality is that the level of accountability now required from ordinary people and ordinary businesses with respect to money laundering and all these other issues which, really and truly, Sir, has absolutely nothing to do with the people in Oistins or Swan Street for that matter who on a daily basis just simply plying their trade. However, \$10 000 is the threshold and therefore it means that you have to tell the bank from where you would have gotten this money. Mr. Speaker, Sir, the truth is that it creates a level of anxiety where there is not a level of communication.

Mr. Speaker, Sir, now here is the thing: A number of these institutions have known these people for years, long before this money laundering requirements came up but because people were simply coming in and dropping in the money and everybody were lending and making the money, nobody paid any attention from a financial perspective in wanting to understand or to know their customers. It is only when the law said that we needed to have done this that we have taken an approach which is kind of unlike us as Barbadians. Now, were our financial institutions were actually serving their clients well, then these issues with respect to money laundering and the way that it is being conducted would be very different because while we cannot say for certain, Sir, what anybody is doing at any time (and we would not be naïve to suggest that there may not be persons who may engage in money laundering) the reality is that most businesses in Barbados do not necessary engage in money laundering and therefore while as you know we are private people, we do not really like anybody to know our business - and that is just how we are - there is nothing wrong about that, there is nothing sinister about that, that is just how we are as Barbadians. However, the explanation around how to uses this new mechanism to be able to do more business, I think is something that has been missing from the conversation and therefore one of the key things with respect to the new Central Bank of Barbados Bill, 2020, will be ensure that we can create an environment that allows for us to raise the level of sensitisation with respect to how do we turn this new regulatory framework into what is a competitive advantage with respect to how we as a country manage our affairs.

Mr. Speaker, Sir, the Central Bank of Barbados Bill, 2020, has at be at the center of a number of critical reforms going forward and as this Government seeks to engage in the transformation of how we do business with citizens and how citizens do business with Government, the Central Bank of Barbados, as the lead regulator of the financial system, equally has to transform itself in order to ensure that we can adequately provide for a number of critical reforms that we believe will lead to the unlocking of economic growth in this economy.

Mr. Speaker, Sir, what am I speaking about? Mr. Speaker, Sir, it is our intension over the course of the next two years, if not sooner, to eliminate the issuance of cheques, certainly from Government. We have already started, because you would appreciate that when I write you a cheque from a Government department that somebody has to come and collect that cheque. However before somebody comes to collect that cheque, the Treasury Department has to ensure that there is money in the account for that specific entity to print those cheques, the messenger then has to come collect those cheques to take to the department, the department then has to call you to tell you that the cheque is ready, you then have to send somebody to collect that cheque, who will then take it to the bank to be deposited, it might then take three days for that cheque to be cleared because it is a "crossed" cheque, while all that effort is multiplied thousands of times across Government. however, not just Government, even between the private sector this happens at an alarming rate and the cost (meaning the time spent for people to do that activity, as opposed to something productive) is what we now have to focus on shifting the mind and therefore as we seek to roll out the new national payment system, which will come before this Honourable Chamber in short order to digitise the way that we do things so that our processes for payment, which obviously in predicated on ensuring that persons can have access to bank or credit union accounts, that they operate within a system that if -- and I swear that I can get to the point where I can use my phone to buy my coconut water on Sundays I will be a very happy man because it will mean that we have penetrated and provided a level of financial inclusion which is important in this country. We need to get to that point and the Central Bank of Barbados is a critical institution for unlocking a lot of that pent-up capacity within our system.

Simply put, Sir, we have too many people when the days come running around moving cheques, moving money, trying to determine whether payments have gone through because of the number of people involved in that process which when you really think about it, Sir, while these people are hired to do that specific job, that is not really adding anything new to the output in terms of the economy. Therefore, for businesses and employers what we really want to be able to do is pivot and re-direct those resources to something which is much more productive in the context of one's business. In relation to Government, it means that persons who are relying on Government for some benefit payment -- if you are providing a service for Government, for example -- there would be greater certainty and we would be able to transfer directly into your bank account. The Central Bank has to be geared to facilitate that upgrading of the technology that would allow for us to be able to get to a place where we would build an eco-system which, through your mobile phone, you can pay anybody in Barbados or even outside of the country, Sir. That is one of the critical reforms which this Central Bank

now has to lead in order to ensure that we can truly bring more people into the financial system, such that people can actually do business with ease, Sir.

It is not a fait accompli, Sir. It requires a lot of work and a lot of coordination with all of the financial institutions, but equally I say to the business community that while Government is leading the charge with respect to the modernisation of payment -- private sector businesses along with the financial institutions -- we must encourage all of our customers and clients and ordinary Barbadians to get on board. Sir, this is a change that I believe will be significant and will create opportunities for real economic growth in this country. We in this Government are committed to unlocking those avenues for growth in a way that is inclusive, Sir, and therefore the provision of payment services, banking and other financial services will be a critical component in terms of how that is delivered to people to ensure that persons can conduct their business with respect to whatever it is they wish to engage in.

Sir, in addition to that, when it comes to credit reporting which is, again, one of those very critical cogs within the business environment, as you know, when we came to office we established the Trust Loan Programme as a mechanism to allow for small businesses to be able to build up a credit history such that they could then go to any financial institution and borrow monies in the range of \$25 000, \$30 000 or whatever it is, with confidence. The financial institutions would therefore be in a position to assess the credit history and help to open the access-to-finance gap which has been a longstanding issue for small businesses, Sir; not just in Barbados but across the Caribbean. As we seek to bring a new regime within the context of credit reporting, this is important, Sir. As we know, generally speaking across the board, Barbadians pay their bills and they pay their loans, and as with everything there are a few who are somewhat delinquent but, generally speaking, most Barbadians and most businesses pay their bills and they do so on time. Obviously, COVID notwithstanding and the current situation, Barbadians generally pay their bills, Sir. Therefore, that feature, with respect to how we deal with credit reporting and unlocking access to credit for not just businesses but entrepreneurs and individuals, will be a critical responsibility which the Central Bank in the next year will have to roll out with respect to being able to fully put Barbados on a path to getting back to a level of respectability. This respectability is not just about rising in the index with respect to doing business, but it is really about changing the way that Barbadians do business not just with Government but with each other, how businesses relate to each other vis-à-vis, and equally even peer-to-peer lending, which is one of those things we now have to address in a very frontal way very early in 2021.

Sir, the Central Bank will have an extraordinary set of responsibilities to move Barbados from where we are today to where we want to be: as the Prime Minister says, world-class in seven years. Therefore, as we seek to put the building blocks in place, we see this particular Central Bank Bill before the Chamber today as a critical piece within that puzzle in order to build out the capacity for Barbados to become world-class, Sir. Let me say that you will note that in the Bill the tenure of the Central Bank Governor is now proposed to be six years. We have done that deliberately, Sir, in order to move away from what may have been observed in the past with respect to any notion of the Governor as.... Sir, before I finish that statement let me say that I recall a very famous statement from Sir Courtney Blackman when he articulated that the Governor of the Central Bank is a creature of the Minister of Finance. As a Central Banker, Sir -- I still regard myself as a Central Banker -- and the Minister with some responsibility for finance, it is an interesting statement because I absolutely believe in the independence of the two. Sir, that independence comes with understanding what my job is and what the job of the Governor happens to be. Therefore, in a small, open economy, while independence is critical, independence must be exercised in the context of how the society is being managed. Therefore, no man is an island. However, the new provision of the Bill gives the tenure for the Central Bank Governor to be six years and the Governor obviously is eligible for re-appointment. We have changed the tenure with respect to the directors, Sir, and we will have some transitional provisions with respect to being able to ensure that at any given time there is nothing that will stop a director in the future from putting his or her instruments before the Minister. However, what we have sought to do, is to further insulate the bank by appointing Directors on a staggered basis, such that there is always continuity with respect to the management of the Board.

Sir, there is an Executive Committee which is comprised of the Governor as well as the two Deputy Governors, who are responsible for the operational side of the bank. In our discussions with the stakeholders, it was important to establish the difference between the Board and the Executive Committee by way of ensuring that there is daylight between the determination of monetary policy which falls within the purview of the Executive Committee as oppose to the Board itself where the Director of Finance sits as a member on the Board of Directors.

Once this was indeed the case and practice before as I knew it in the context of the determination of monetary policy in the past, we have determined that we will have that specific structure in place to ensure that there is sufficient daylight between the fiscal policy of Government since the Director of Finance represents the Government on the Board, but that the monetary policy and all of those operational decisions in terms of the Central bank will be

obviously done within the context of the Executive Committee of the Board.

What we have sought to do today is really to strengthen the governance of the Central Bank to have operational autonomy. Whilst, at the same time, maintaining the level of accountability that we want to be able to assure the public that the bank and its officials including the Governor will have a responsibility to the whole of Barbados. Additionally, that there are mechanisms in place to ensure that a Minister of finance cannot get up one morning and determine that they are going to get rid of the Governor of the Central Bank.

Hence, we have introduced a concept of a double veto where in the event in the future that a situation may arise where a Governor may have to be relieved of his responsibility, that the Minister of Finance makes a recommendation to the Head of State, the Governor General at this time, with respect to being able to do so and therefore that provision is in place to create a little more protection with respect to the Governor of the Central Bank and that from the Minister of Finance.

Sir, I am very careful with my words, because it is important for the public to appreciate that by giving more independence and we thought long and hard about this simply because it would have been difficult if the previous Governor of the Central Bank was in place when we came into office. Given his recent public publications as well as actions, would have seen him totally in conflict with the Government's policy with respect to bringing discipline to the public finances.

Therefore, we felt it was important that only where situations of absolute incompetence arose, even if that happened we still needed to have some level of further due process if you like, with respect to being able to ensure that the process can be followed in a much more accountable way. Such that we have that double veto within the context of the Bill to ensure that there is one, protection for the Governor, but equally within the context of the Minister responsible for finance there has to be good reason why you relieve a Governor of the Central Bank of his duties.

Mr. Speaker, the reality for that, is that, the removal of a Governor in the Central Bank in the context of any economy is a significant market mover and therefore if one is to inspire confidence in the conduct of whether it is a monetary or fiscal policy, those decisions cannot be taken lightly. Therefore, even in the context of the Government when it comes to accountability, the Government and the Minister of Finance has to be equally accountable for relieving the Governor of the Central Bank of his duties. That is now being sought to be done through the Head of State as oppose to you just calling one morning and say that you are gone. Sir we believe that is one of the

fundamental improvements of this Bill to ensure that we then go to accountability to the process and allow Governors to render advice. As you know Sir, advice does not always have to be taken in part or full, but to allow officials to know that they can do their jobs without feeling as if they are under pressure to follow a particular line of march from a future Government or Ministry of Finance that may find itself on the wrong side of the public policy process.

Sir, one of the key things which I must address before I close, is that you would recall that the bank printed \$50 million a month to support the payment of wages in the public sector for a significant period between 2013 and 2018. When we came to office, we held over \$2 billion in treasury bills. I do not have any hair on my head, but if I did I would be raised right now, when I think about it and the discipline that attended the Central Bank and the Government in the past. When we left office in 2008 the Central Bank did not hold a piece of Government paper. If they did it was probably at the end of 2007 which was \$20 million but they normally dispose of those very quickly.

It was never a habit in my professional experience for the Central Bank to be holding Government securities. Sir, as a matter of fact, the Central bank will generally make profits and remit to Government and obviously Government was much more discipline when I was a practicing Central Banker. When we came to office, the Central had on its books approximately \$2 billion in treasury bills, which was quite extraordinary. Therefore, no matter how you look at it Sir, the bank was at the centre literally holding the bag for the absolute indiscipline when it came to the public finances by the last Administration.

As a result of the debt restructuring, we had to make decisions related to that stock of debt which then, as you would know Sir, if you are holding such a large set of securities it means that the interest payments being received would have been substantial. Therefore, we had to write-off a significant part of that debt which certainly from a solvency perspective would have left a whole in the balance sheet of the CBB. We did so not because we wanted to be callous but to ensure that we can put Barbados back on a path with respect to fiscal discipline, so that we can resolve a number of other matters in the economy with respect to the payment of arrears and the settling of refunds for a number of Barbadians.

A number of companies were providing services to the Government but not being paid. We had to put wrong things right in relation to that. In that context since debt normally ranks higher within the context of the obligations, it meant that because the CBB was holding such a large proportion of the public debt outstanding for any single institution. When you think about it, outside the NIS which by definition has to hold securities for the long-term to

ensure that the pensions of Barbadians are paid, there is no reason at all for the CBB to be holding such a large amount of Government debt on its books.

The debt restructuring was undertaken given that there is no rationale for the bank to be reasonably holding such a large quantum of debt. The result is that the CBB will need to be re-capitalised. There is a section that speaks to the re-capitalisation that is quite clear. We have been in discussions with the International Monetary Fund (IMF) in terms of a plan for re-capitalisation. As I speak, over the course of the last two weeks we have been engaged in a technical-assistance mission with respect to coming to resolution to how the CBB could potentially be recapitalised but further information on that will come at the appropriate time.

As you would appreciate in this environment, Sir, while it is important for the CBB to be seen as solvent and it should be solvent given that it is at the apex of the financial system, the reality is that when we did the debt restructuring it was ensured there was a stream of income that would allow the CBB from an operation perspective to still be profitable. While the capital of the CBB has to be resolved, when we did the debt restructuring we did put in place a stream of income coming out of that such that the CBB would still be profitable with respect to its operations. Mr. Speaker, it means that a lot more discipline is now being applied to the management of the CBB and its resources in the same way that the Government has had to be disciplined with respect to the management of our fiscal situation.

Therefore, as we would say when we were growing up and started to feel as though we were young men and women, and your parents gave you that look when you felt you were now a man. The point I am making, Sir, is that sometimes a good scolding is required to remind us that it is okay to want to be independent but you cannot be independent “in here”, as we would say in good old “Bajan” parlance. Therefore, Government akin to the parent if you like had to be disciplined and the CBB would equally have to be disciplined with respect to its operations because as we have indicated, while we agree with the independence of the CBB it cannot be in isolation of what is happening in the wider society with the economic situation.

Sir, this Bill before the House today as I said is intended to deal clearly with the improvement of the operations and accountability with respect to how the CBB manages itself. I have already indicated a lot of the work that now has to be done that the CBB will be at the center of playing its part to ensure that the wider financial system is now literally engaged to allow Barbados to grow and grow faster in the third decade of the 21st Century to assist ordinary Barbadians with respect to do business easier and

allow for an environment where not just the payment system will deliver what we believe would be greater financial inclusion but equally be able to leverage the fact that through a credible and rigorous credit reporting system that the oversight of that system would equally unlock resources with respect to a number of small businesses and allowing for what we believe would be a greater level of economic activity in terms of unlocking growth and access to credit with respect to allowing businesses to grow in a much more sustained way as we come out of this COVID-19 environment.

As usual, Sir, all of the other issues related to conflict of interests have to be declared with respect to the CBB. All of the pension rights with respect to the staff have been preserved. We are in the process, as I said earlier, of resolving the plan with respect to the recapitalisation of the CBB. Let me assure Barbadians that the relationship with Government which I think I will speak to very quickly is, perhaps, the most critical update of that because in the past, as you know Sir, the CBB has by way of what we call the ways and means allowed for Government to borrow in the short-term with respect to its normal operations.

Therefore, under Part IX, it speaks to the CBB being the fiscal agent and the depository for Government. All of these routine things will continue. The CBB's mandate is still to ensure that we maintain the parity with the US dollar. Clause 62 (1) which deals with the Prohibition on Monetary Financing states as follows:

"The Bank shall not provide any direct or indirect financing to the Government or Government owned enterprises including the

a) grant by the Bank of direct or indirect loans or short term advances;

b) issuance of guarantees by the Bank for financial transactions."

Subsection 1 does not apply to the banks that are owned by the Government.

c) the bank shall not purchase securities issued by the Government or any Government-owned enterprise on the primary market.

d) notwithstanding Subsection 3, the bank may acquire securities transferred to it by the Government in accordance with Section 7 and Section 43.

5) Notwithstanding Subsection 3 and 4 whereby an enactment, it is declared that a public emergency has arisen in Barbados, the bank may purchase marketable

securities issued by the Government or any publicly owned institution on the primary market where

a) the total amount of Government debt acquired by the bank and pursuant to this Section does not exceed 3 per cent of the Gross Domestic Product. b) securities issued pursuant to this Section shall 1) have a specified maturity of a maximum up to five years. 2) be issued at prevailing market rates. 3) to be repaid in cash only, and 4) not being rolled over or renew.

6) Notwithstanding any other provision to the contrary the bank may make temporary advances to the Government to permit the Government to manage its cash flow. This refers to the ways and means as I described earlier.

7) Where the bank makes temporary advances pursuant to Subsection 6 the temporary advances should be subject to the following conditions:

a) the total aggregate amount cannot exceed at any time 7.5 per cent of the annual average of the ordinary revenue of the Government for the three fiscal years of the Government immediately preceding for which accounts are available. b) repayment in cash only within 3 months of the end of the financial year of the Government and c) bear interest at the prevailing market rates.

Let me just state here, Sir. In the past our revenue forecast was predicated on having a good estimate of what GDP was and certain we have observed that during the last Administration we saw an inflation, and significantly so, of the GDP indicator which then inflated the revenue targets, Sir, which was never realised but it allowed the Government to continue to borrow more the 10 per cent of the revenue projection because the GDP was inflated and that allowed on the one hand, the Government to access more resources from the bank that they would ordinarily have. What we have done here, Sir, is to ensure -- and not to blow our own trumpet, Sir, - that we have been very rigorous with respect to our data and forecasting, I cannot say that will always be the case in the future, therefore, we have determined that the better way to deal with this and to have more discipline is to ensure that the revenue upon which the ways and means will be determined will be the three years prior which is actually data as opposed to some notional or fictional forecast which the last Administration sought to take clear advantage of.

8) Where subsection 5 is invoked and the ordinary revenue of the Government declines below that in the fiscal year of the Government immediately preceding the public emergency the bank may exclude such reduce revenue in the computation of the annual average in Part A and Subsection 7."

Just for clarity, Sir, because we are in the middle of a pandemic this year which obviously would have reduced the revenue of Government for this year, we are saying that under normal circumstances the level of the revenue would not have been impacted in a significant way, therefore, in order to respond to clearly what would be more resources required, the computation of this year's revenue, because of the pandemic mathematically would bring down the average, therefore, we did not want that to be a part of the operations going forward, therefore, at any point in the future, whether it is a pandemic, a hurricane or any other extraneous factor that could potentially reduce the revenue for a particular year, those extraordinary years would not be a part of any computation with respect to the revenue, therefore, the amount that the bank can lend.

9) Notwithstanding Subsection 6 and 7, the bank may make advances to the Government upon terms to which the bank and the Government agree in respect of the following:

a) subscriptions and other payments that result from or are incidental to the membership and Barbados in an international financial institution b) participation of Barbados in transactional operations it undertakes in respect of an international financial institution.

10) Subsection 7 shall not come into force until the beginning of the fiscal year of the Government immediately following the day this Act comes into operation.

We have sought here to further strengthen what we had already done when we came to office in May of 2018. You would recall, Sir, we had reduced the ways and means from 10 per cent to 7.5 per cent as well as we had introduced the cap of 10 per cent of the securities for which the Central Bank of Barbados could hold which was 10 per cent of expenditure was the maximum that they can hold. Sir, this Section, the Prohibition on Monetary Financing and the provision for the bank to only lend in extraordinary circumstances up to three per cent of GDP this provision will by nature repeal the section within the public finance management which spoke to the 10 per cent of expenditure with respect to the holding of Government securities under the Public Finance Management Act so this would ordinarily repeal that section. We are confident that with the proper management of the public finances and with the good governance that ought to accompany that at the Central Bank of Barbados that these are measures that the public, Sir, the ordinary Barbadians who are going about their business, ordinary business people, ordinary investors, when they look at the conduct of Barbados would then be in a position to have greater confidence with respect to the operations of how, not just the Government, but equally how the Central Bank of Barbados fits into this process. Sir, I believe, are critical, the relationship between the bank and the Government clearly spelt out here with respect to

the operations of both institutions in the past -- and we are working to get back to that as soon as possible where normal service will resume, as we used to say, Sir, and as we would see on Caribbean Broadcasting Corporation (CBC) when we were growing up. The point is the discipline of Government in concern with the Central Bank of Barbados is critical for all Barbadians to be able to go about their lives and to conduct their business and this process which we have started on under the Barbados Economic Recovery and Transformation (BERT) programme is not yet complete. This Bill is, as I said, one of the puzzle pieces with respect to being able to help to turn the governance structures around, not just at the Central Bank of Barbados, but certainly its relationship with the Government of Barbados. Having engaged a number of the stakeholders on this matter, we are satisfied that we can start to resolve certainly the capital issues, and this framework, we believe, will go a long way to boosting confidence across the rest of the economy.

Sir, Section 77 speaks to the transitional provisions, and that just lays out very clearly how the directors would be appointed within the context of this transition period. Again, Sir, all of this is predicated on the fact that when governments change it ordinarily leads to a total change in the Board. We deliberately when we came to office determined that we would keep the Board Members, and this is not just related to the Central Bank of Barbados but from the previous Boards, to ensure that there is continuity within the context of the operations of these entities and therefore transitional provisions are intended to be able to help transition how we will appoint directors to the Board of the Central Bank of Barbados and so when the existing terms come to an end these transitional provisions where in Section 77 Subsection 2 (b) just lays out exactly how we will be able to appoint the tenure for the directors and then obviously normal service if you like, Sir, will resume thereafter.

Sir, the consequential amendments are at the Schedule. We believe this is a critical cog in terms of how we will change the landscape with respect to not just the operations of the Bank but how the Bank will transform itself with respect to being better able to serve the public of Barbados.

With those few words, Sir, I beg to move that this Bill be read a second time.

Hon. Miss M. K-A. CADDLE: I beg to second that, Sir.

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

Bishop J. J. S. ATHERLEY: Thank you very much, Sir. I appreciate the presentation by the Honourable

Member for Christ Church East Central on this Bill. My own position, humbly I would suggest, is that the majority of the time was spent giving philosophy about the role of the Central Bank of Barbados in the life of the economy of the country which is important but far less time spent with reference to the actual stipulations in the Bill which are of critical importance and which I think reflect very much on many of the concerns that Barbadians have today with respect to how the Central Bank of Barbados functions and in fact how other of our major institutions function particularly so institutions such as the National Insurance Scheme.

The Honourable Member I think, from the notes I made here while he spoke, set his speech in this frame. The Honourable Member spoke of the Central Bank of Barbados in terms of its relationship to Government, the Central Bank of Barbados in terms of regulations of its own conduct and of the Central Bank of Barbados in relation to the market, the economy in which that entity exists especially so with reference to matters of investment and institutional issues as well. Now, that is a broad frame. I have questions of issues with reference to some of the specifics around those matters. Now, he did make some reference to some of the details in the Bill. He did not comment on Section 63 which I want to raise because that has to do with relationship between the Central Bank of Barbados and the principals of the Central Bank of Barbados and the Government particularly so the Minister of Finance.

Section 63 speaks with reference to Orders.

“Where the Minister consults with the Bank on macroeconomic policies of the Bank and the Minister is of the view that the macroeconomic policies of the Bank are not adequate for or conducive to the achievement of the purposes of the Bank as set out in Section 6(1) and 6(2), the Minister may issue an order to the Bank that states a macroeconomic policy is to be adopted by the Bank in respect of those purposes.” That is fine. “(2) Where the Minister issues an Order in accordance with subsection (1), the Order shall

(a) acknowledge that the Government is responsible

for macroeconomic policy; and (b) publish in the Official Gazette forthwith. (3) Notwithstanding subsection (2), the Minister shall

(a) inform the Bank of the macroeconomic policy; and

(b) as soon as practicable after he informs that Bank of that macroeconomic policy, cause it to be laid before Parliament

(i) a copy of the order determining the policy which shall be subject to an affirmative resolution of Parliament; and (ii) his statements and statements of the Bank which occasioned the order. (4) Upon the fulfilment of the conditions set out in subsection (2) and (3), the Bank shall give effect to the macro policy pursuant to the Order.”

Now, we understand that Government is responsible for the management ultimately of the affairs of this country, we do understand that specific and very important roles are ascribed to the Central Bank of Barbados as stipulated in the Act, but we are concerned about the tensions which have arisen in the past and which may arise going forward with respect to how that relationship in practical terms works where the Government of the day is ultimately responsible but where there is some independence of function with respect to Section 6 under the Central Bank of Barbados Act here. Now, according to what I read in Clause 63 those tensions may cause us to come to a place where the Minister has to instruct the Bank in very clear terms we are responsible for the Government of this country with respect to these matters and this is a macroeconomic policy that we have determined this country should follow, the Bank does not adhere to that policy and it is brought ultimately here and laid in the Parliament of Barbados and then the Bank is further instructed that this is confirmed to be the power. What happens then, Mr. Speaker, because in reality these tensions will continue to exist and it seems to me that when we get to that point maybe we are back at Section 25 in the Bill before us today. The Honourable Member when he spoke did make reference to Section 25 and that has to do with the removal of a Governor of the Central Bank of Barbados and other principals at the Central Bank of Barbados, and we talked about a double veto, and I guess you understood that to which he referred, but if we look at Section 25 especially when you get down to Clause 2:

“Notwithstanding paragraph (f) of subsection (1), no person shall remain a Governor where the Governor-General, on the recommendation of the Minister, finds that he is unfit or otherwise incapable of carrying out his duties.”

Now, we are running up against a situation where the Bill before us, if passed in this House, will provide that a Governor of the Central Bank is appointed to a six-year tenure in the first place, and that is as has been stated by the last speaker, to avoid the appearance of political interference in the process of appointments or the change in the leadership of the Central Bank of Barbados for political reasons at the change of the political cycle. Now, you want to avoid that but you still have here a situation where a six-year tenure is assured with the privilege of further appointment, but if the Governor is at odds with the policies stipulated by the Minister of Finance as Section 63 indicated after that entire process, I would assume that

Section 25 is suggesting to me that he or she may be removed on the recommendation of that Minister to the Governor General, so long as the Governor General finds that that person is unfit to serve in that capacity and for that particular reason.

Now, we have in existence today and we will have for at most, if the voice of Government is to be heard, understood and believed, one year left for the construct we know as the Governor General. We do not know beyond that year what the construct of the Head of State of Barbados, in fact, will be. It may very well turn out to be that he or she who is the Head of State of Barbados at most a year from now is, in fact, a living representation of the governing party of the day (whatever party that is.) I am simply saying that this legislation is pointing us in a direction around which there is some high degree of uncertainty, because you are not giving us legislation that is intended to serve us for the next 11 or 12 months (ten months, nine months, however long) you are giving us legislation that takes us beyond that point and you are giving significantly pivotal role to an embodiment over which there is obvious uncertainty today. Whereas you are trying on the one hand, you say, to avoid the appearance of political influence or over-influence or interference in the process of appointment and hence a six-year tenure, you are creating a situation where that person can be removed at the initiation of action by the minister with responsibility for that position, oversight of that position at the Central Bank of Barbados and you are involving an entity as Head of State. I am talking in the not-too-distant future, a construct of which we are uncertain. It may very well be that we end up therefore with a Head of State -- not a Governor General when we go Republic -- but with a Head of State, depending on how that construct emerges -- a Head of State who is a living representation of the party in office at this time or at that time. Maybe what I am suggesting here to some people is a bit far-fetched but I see it as a reality which is fairly immediate for us, because we are talking about relationship between the Head of the Central Bank of Barbados and that relationship with the Government, that Government being the embodiment of the Minister of Finance and we are talking about a particular process around the removal of that person which will involve a Head of State, a construct which today we are uncertain as to what it will represent. I mean not to be, in any way, disrespectful to any office but simply to say that that is something which for me bears a mention.

The Honourable Member was quite strident in his chastisement of the former Head of the Central Bank of Barbados and laid some serious assaults against that position and the person who occupied that position. Those voiced assaults are not new, we have heard some of them in the past, but I point only to the fact that as part of his presentation they were repeated here today and the Honourable Member seemed quite concerned about the

unchecked discretion exercised by the former Head of the Central Bank of Barbados. A matter for debate I supposed depends on which side you stand, depends on which school you came from, you may arrive at an opinion as to how far is too far when the Head of the Central Bank of Barbados, an independent entity, exercises a discretion. Of course that discretion was underscored today by the Honourable Member having been at odds with the mandate given at the time and so we are seeking to correct that. We want to be sure that in an attempt to correct a situation of something which is undesirable that we do not go too far the other side, and that has always been a problem, always an attention that we have to address because we do not want functionaries in the public service, so to speak, to be able to so exercise discretion as to create a jeopardy against the interest of the State or to create a sort of a hostile environment existing between those who had been elected and appointed by the people to carry out specific functions and responsibilities. Those tensions could sometimes create the kind of stresses. They could create serious uncertainty, and that is why I say it depends on which side of the issue you stand upon as to whether or not a discretion exercised by a functionary appointed to such a position as this and in whose confidence and competence is reposed the responsibility for such weighty matters. How far does he or she go in the exercise of that discretion before a minister believes that he or she has gone too far? Also, is the minister not exercising a very subjective view when he or she expresses that opinion and it seems to be at odds?

Mr. Speaker, Sir, so we hear about unchecked discretion, about the lack of serious transparency with respect to the operations of the institution because you are not speaking to the Government anymore, you are speaking at the Government or around the Government or over the Government; you are not speaking to the people anymore, you are not speaking to the media anymore and there the lack of transparency and we do not want that around the institutions of this country, especially those which are critical. Now, we will address that through this legislation, at least we seek to do so with reference to the Central Bank of Barbados (and they report pretty frequently) but we still have situations where the National Insurance Scheme (I believe you are more intimately familiar with these things than I am), they report when it seems good to them so to do, and we do not have properly audited financial statements coming to the Parliament of Barbados. I do not know when last one has come from the National Insurance Scheme and we have talked about that before. Hence, the matter of transparency at the level of pivotal Government institutions is one worthy of address and is significantly so. However, we cannot limit the effort to the matter of the Central Bank of Barbados simply because in the past we have had a principal who had acted in a way that displeases us. We have got to look at this business of transparency about the institutional life of Barbados in a holistic way and we have got to be transparent ourselves while we do so in

an attempt to address that, and of course the charge of ill-advised monetary policy on the part of the bank at the behest of the then administration. I think that was what was being clearly levelled as a charge or was being suggested, that the monetary policy at the bank at this time, one of its core responsibilities, was ill-advised and very much in concert with ill-advised policies on behalf of the last Administration. Now, that is not my statement, that is not my suggestion, I am simply reflecting on what I think I heard said in this Honourable House today. However these are matters of importance and we have to look at them in a holistic way. We cannot simply relate them to a particular individual, it must be that the bone of what we seek to do is institutional strengthening and the advancement of the integrity of the entity which is the subject of our discussion. It cannot be that we are responding in any subjective fashion to what we saw as interference of any particular individual or even a particular administration, it has to be that our view is that the institution itself can benefit from improvement in these ways and that that is why we set out to do these things; it is a matter of trust and credibility and critical element that will stay our course; that is true because we want to ensure that there is a good business and investment climate. The Honourable Member mentioned that for sure the protection of the interest of depositors in the financial institutions was mentioned as one of the proper goals or one of the goals which we properly need to seek as we seek to strengthen the Central Bank of Barbados as a pivotal institution. I found it strange that this was just mentioned in passing, because what is happening to the interest -- I mean that in every possible way you can imagine -- of depositors within the functioning of the financial environment around us today is something over which you are greatly concerned, I am sure, Mr. Speaker. It is something over which I am concerned because it seems as though people of Barbados have been left completely now at the mercies of the financial institutions, and that they do what they will and they do it as whimsically as they will, it would seem. Mr. Speaker, one wonders about the influence that is being placed on entities such as the Central Bank of Barbados and the heavy hand of Government, which can be brought to bear sometimes on these matters.

Sir, you cannot pass over the matter of the interest of depositors in this fleeting way. I am saying that part of the reason why we need to ensure that the institution of the Central Bank reflects integrity is because the interest of depositors within the system must be protected. I am not talking about individual depositors. I am not talking about any reference to institutional deposits with the Central Bank or anything like that. The integrity of the financial system is to be maintained, but how does one weigh the integrity of the financial system, Mr. Speaker? Do we pat ourselves on the back and say we have not had any bank failures here in recent history? Do we pat ourselves on the backs and say there have been no failed banks in recent

memory, and therefore the integrity of the financial institutions that operate in the economy is intact? There are other institutions which have failed; some very fresh in our memories, and some as a result of or because of actions of this very institution which we call the Parliament of Barbados. We have had failure reflecting itself to the hurt and injury of people in Barbados. One may very well reflect on the whole matter of the restructuring of debt here in Barbados. Why was that necessary and why was it necessary to go to the extent to which we went to address the situation? Is it because there was a lack of integrity in the system somewhere along the line that exposed Barbadian investors and even pensioners to those kinds of jeopardy?

Sir, when we talk about integrity in the financial system, we cannot simply refer to one institution down the road and how that institution is to be governed. The fact is that the financial systems around us are principal pillars in our everyday lives, and we have got to make sure that when we talk about integrity we are looking at that again in a holistic way and not simply in a piecemeal fashion trying to address some issues down at the Central Bank of Barbados. There is instability in the market, and a lot of the time that instability is triggered by dynamics which occur externally in relation to our environment. However, sometimes at home as well that instability is triggered by the "unwisdom" that attends some of the fiscal and monetary policies that we seek to implement in this country. These things have to be looked at. I am seeking to suggest they need to be looked at not in a piecemeal, one-shot fashion, but in a holistic way we have got to make sure that the financial environment in which we operate is sound and is possessed of a high level of integrity such that the confidence, the trust and the credibility of which the Honourable Member spoke would become reality.

People's lives depend on those dynamics, Mr. Speaker, and you and others know of cases where because of failures, unexpected happenings and exposure due to somebody's delinquency or failure, people have had to experience misery or worse and suddenly bring their misery to an end in some undesirable way or another. These things are very important. Mr. Speaker, we are celebrating 54 years as an independent nation and we have gone into our 55th year now. A nation, as you know, matures as its people mature. A nation matures as its institutions mature and as its culture evolves, and we have got to make sure that the institutions which serve this country are brought to a greater level of maturity. We can attempt cosmetic improvements to give the impression that improvements are real. I am not suggesting that is the case. I am saying that in many situations, that is what people are wont to do: Address the cosmetics of the issue rather than the central and core issues around the business at hand. In this case, the profile of the Central Bank of Barbados must, of course, change in response to the influence that comes

out of the market, but that profile must also change to affect what goes on in the market. If that is not the case, then the Central Bank is stagnating and is not maturing, and if you have institutions like the Central Bank and National Insurance Scheme and so on which are stagnating, then we can hardly boast of the nation maturing in a balanced way, because certainly its financial life is a pivotal part of its lifeblood structure.

Sir, the Honourable Member mentioned the national payments system and he referred to that in rather glowing ways, which I suppose may be understandable. We are looking at eliminating payment by cheque because of the costs associated with that and because of the enormity of the bureaucracy, the challenges which that brings which would be associated with that. We want to eliminate the payment by cheque system. Whenever I hear this, I understand it, but I am also thinking of that non-tech age category of persons around us who do not want to hear anything about that. Some of us are still privileged to have mothers alive. There are some perhaps in here who are young enough to have grandparents who are alive, and some of those folks do not even want to hear the notion of anything that has to do with technology, and they do not want to be a part of something which they cannot lay their hands on and feel and touch and all of that. Sir, that is something which will have to be addressed because we do have to walk this path of embracing the technology and making it work for us and making it easier to do business in Barbados, but that category of persons has also to be borne in mind. Mr. Speaker, I mentioned that to say this: People are not so much concerned about payment by cheque as they are concerned about not getting paid; and you are with me on that because I am sure you ran into this in St. Michael Central. You are not being paid and Government is spending all of this money on all of these different people and you are waiting on this and that and you are not getting paid. Whereas there is a concern as to the relative backwardness of continuing old systems that we can improve by incorporating technology. There is a concern that we cannot just walk pass people out there who are not being paid their due; whether it is their normal wages and salaries or whether it is some benefit that has accrued to them.

Mr. Speaker these things very topical today and capital and private interest, both foreign and domestic who can get away with it and some of them seem to want to get away with it and then leave Government holding the tab so to speak.

The concern that I want to reemphasize today, while I support this view that we can move to this while considering the aversion of others to go there, we have to be concerned today about people in this economy and in this society who are not getting their just dues. Whether it is severance or salaries and wages, who are not being paid

on time and sometimes Government is a guilty party in those transactions. I will want to raise that.

The Honourable Member also spoke of the large quantum of Government debt that instruments held by the Central Bank in the time of debt restructure. He did get onto this eventually when he talked about the recapitalisation of the Central Bank. That has been raised from this position by this voice before. I think I even heard the Governor of the Central Bank some months ago, after they restructure raised the issue of capitalisation of the Central Bank. Others have spoken about it and I would have hoped that the Honourable Member for Christ Church East would have taken a little bit more time. He came to the subject but spoke about it only in vague generalisation that we would treat to that, we are working on that and things to that effect, but I think that is a concern which is a part of the whole theme of the discussion thus far. This is a premier, this is a principle institution in Barbados economy and the economic life of Barbados, but a vague generalisation and the business of recapitalisation of the Central Bank. I would have thought that by now Government would have realised that the country waits to hear how that is to be gone about and how that is to be achieved.

The matter of forced financing of Government recurring expenditure by the Central Bank is undesirable practice. It is one of the charges that the now Administration still continues at 30 months almost down the road to lay it at the former Administration. Now, I am not here to dispute whether or not that charge against the former Administration is true, that is not the point, I am not getting into BLP and DLP politics. The point I am trying to point to, is that it is an undesirable practice. Whenever it happens under whatever Administration it occurs it is an undesirable practice.

Now, I will say this and I hear some sniggering and I will probably get more, but that is path for the course. I agree that it is an undesirable practice and that there is too much of that in recent times, where the Central Bank almost out of a sense of force was made to finance the current Government expenditure. I have made the point before and I will repeat it. I think the BOSS Scheme introduced by this Government, which has not found the enthusiastic support of which the Government spoke, 95 per cent of public servants wanted to buy into that, I think that is what were told at the time. Almost everybody, only that that support has been overwhelmingly forth coming I suppose to the Government's surprise. I will simply repeat it today, I think that that BOSS Scheme is just a euphemistic attempt. Maybe that is fair to use that term, but you understand what it means, cosmetic euphemistic attempt to get the Central Bank to fund some of Government's current monthly expenditure, salaries and wages for public servants. Until they can show me

otherwise, I will keep on believing and saying that or maybe until you can show me otherwise, Mr. Speaker, since you are in the bosom of their council at some points in time. Maybe you can show me where that BOSS Scheme is not an attempt to achieve the same thing in a less seeming offensive manner to the sensitivities of the public servants of

Asides.

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

Hon. R. R. STRAUGHN: Mr. Speaker I rise on a point of order, because the Honourable Member is seeking to mislead this Chamber. Sir the Central Bank of Barbados serves as the clearing house to facilitate those bonds that public servants wish to sell onto the secondary market with respect to being able to get the cash that they need for their salaries.

Sir let me just reiterate that since the BOSS bonds have been issued, up until the end of October, \$18.7 million in BOSS bonds have been issued. Sir, currently \$5.1 million of those are still being held by public servants and the remainder have all been sold onto the secondary market which are now held by pensioners, pension schemes, credit unions, and a number of other institutional stakeholders. The assertion that the Government is using Central Bank financing to pay public servants is entirely false and I want the Honourable member to desist from casting such aspersion on the Government of Barbados.

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

Bishop J. J. S. ATHERLEY: Sir I have said to you and the House and I suppose to the public of Barbados that until they can persuade me otherwise I will keep on believing and saying that. He just failed to persuade me otherwise and therefore I will repeat it. I am not of the view that to repeat it would be a waste of time.

However, we move on beyond that. Sometimes there is a tension on the many requirements of the Government and the inclination, the disposition of the average depositor in Barbados to put his or her money in the traditional banking system. Again, that is one of the conclusions at which some people arrive with reference to policy in Barbados in the banking sector which has to do with interest rates etcetera. What I am trying to say is that the view is held that very low interest rates persist in the traditional banking sector in Barbados today because of the official establishment. Let me put it in broad terms. Government wants to encourage its people to invest in Government instruments of whatever the nature as oppose to putting their money in the traditional banking sector.

You allow the banks to offer next to nothing in terms of interest rates to make Government paper more appealing and attractive.

Now, that has happened elsewhere, I believe it has happened here. I believe it is in part of the explanation for why interest rates and deposits in Barbados continue to be so low. The official position is that Government paper becomes more appealing to you, Mr. Speaker, if you can get a better interest on the Government paper. Even as recently, it is the same debate around the BOSS Scheme. That was one of the critical points mentioned as to why you should take up these bonds because you are getting next to nothing in the traditional banking sector.

Mr. Speaker, I am saying those tensions exist because the Government needs the money, so it floats its instruments and encourages depositors to go for a seemingly higher interest rate. Yes, as opposed to what the traditional banking sector will give, so we have to ask ourselves a question. Why is it that the banking sector in Barbados today with the loud voices of complaining Barbadians being raised through every possible public media, why is it that this persists? Mr. Speaker, that is the question. I am saying that if you are talking about integrity in your system and enhancing the functioning capacity of your prime institutions in the financial world of the Barbadian economy, then you cannot allow for persons to be taken advantage of in this way.

Why is it that banks are allowed to come with all of these charges and offer the minimum possible rate of interest on deposits? Is it because on the official side of the equation, somebody wants Government paper or instruments such as that to become more attractive? If that is the case, then we need to say so. I believe if that is the case, it is a dereliction of duty on the part of the Government. It is a sacrifice of the interest of taxpayers and voters in Barbados in the interests of other entities. When the Honorable Member spoke just now talked about all of these bonds being bought up on the secondary market. It is a story in itself to be told because one of the concerns we had from the beginning which is that those who acquired these bonds on secondary markets would be those who have the capacity so to do and making themselves better off.

You are using the salaries of taxpayers to achieve that aim. I really do not want to get into that discussion because it will raise my temperature level here. Do you understand what we are saying, Mr. Speaker? Do not stand up and tell me that these things are being eaten up on the secondary market. We came and told people to invest in these bonds that has a four percent or five percent interest down the road just now which will be more than they receive from the bank. The story is now that it is the secondary market. You identify the elements in the

secondary markets, and you will tell me credit union which is fine. I applaud you for that but tell me about some of the other elements and individuals who are benefitting on the backs of taxpayers from acquisitions in that secondary market of which you speak.

Therefore, Mr. Speaker, it cannot be the official position that we would allow interest rates in the traditional banking sector to fall to the floor to make Government paper instruments more attractive and you know well that the traditional banking sector will compensate by raising other charges which is exactly what is happening, Mr. Speaker. You know that very well. You know that is a case that could be very easily argued in any court, especially by someone as esteemed as yourself.

I am all for enshrining in law any stipulations or mechanisms that guarantee the independence of the bank, but independence cannot be unchecked. Independence cannot be by means either of cosmetic arrangements which still will allow the Minister of Finance and by extension the Government to make the Governor of the CBB a feeble creature of its wishes or policies. The nature of the appointments may involve the political process, but the performance of its functions should be protected from that political coercion. I am simply saying that there is a tension between the two. You have to come down where a balanced position is. Make sure that the appointments process is as free as possible of political influence.

When it comes to performance, make sure that it is not that the Governor or the principals of the CBB are made subject to coercion from those whose agenda is primarily or principally a political one. I think that with respect to the Central Bank and some other premier institutions, especially financial institutions and others, we have to make sure that there is a broad-based mechanism of appointments for senior officials. As you well know, Mr. Speaker, we have changed the process for appointment of people by the Judicial Appointments Commission and that is an improvement on what we had. However, if you look at that in objective and dispassionate terms, you will see that it leaves the system open to political influence.

We have to find a way of balancing these things such that we get the best out of those institutions and its functionaries, while at the same time providing the best situation for the Government to effect public policy in the interest of Barbadians. This is really where I come down. There is excess liquidity in the banking system and may be this was not the occasion, but the Honourable Member did not address this. The excess liquidity in the banking system is a big problem in Barbados. I have heard the Government and the Honourable Prime Minister refer many times to that, how that money should be used for investment here in Barbados and that people with the means should access that funding to get growth in the Barbadian economy.

The excess liquidity in the bank is a reflection of our lack of growth. Mr. Speaker, this will not be taken easily by the ears that hear it but the excess liquidity in the banking system which was prior to May 24, 2018 still exist today. It is indicative of a lack of growth impetus in the Barbadian economy and I say again for the "umpteenth" time that the Government cannot simply be boasting about foreign reserves increased and debt restructuring success. We have to be talking about growth and as long as there is an absence of impetus for growth, and this is pre-COVID-19 but the pandemic has made it worst, you will have that situation of liquidity in the banking system.

Government has to deal with that. As long as there is a wage stall operating across Barbados in a context where the cost of living has gone up and certain taxes have gone up, you will have that liquidity in the banking system. Mr. Speaker, you do not earn enough, and I am not talking about you because you do not fall into this category, but if a person does not earn enough you will put yourself in debt that you cannot repay.

Liquidity in the banking system is reflective of lack of growth and a stall of wages in Barbados even at the level of Government. These are serious things, and these are true things. Business failures pre-Covid-19 and during Covid-19. Bridgetown, I say again was closing down but before Covid-19, Mr. Speaker, you could pass through there. Bridgetown was closing down before Covid-19 came and is still closing down. There will be all this excess liquidity in the banking system because businesses are failing and closing down businesses do not want to access that money. An increasing cost relative to property acquisition in Barbados, Mr. Speaker. The cost of property is going up and up and up. A fellow cannot afford that, not even attempt to borrow that even if he can qualify for the loan. I am saying that there is a convergence of factors operating in the Barbados economy that is dampening the appetite for credit from the banks, therefore, that excess liquidity will continue to exist. We have got to talk about the Central Bank of Barbados' role in the life of the Barbados economy being such that decisions are taken in concern with Government policy, decisions are taken that will so stimulate those dynamics in the banking system such that people will feel that they should make ready access to the banks but they must also be policies that create the environment that people can get, furthermore, that people can find work because it is not only unemployment, Mr. Speaker. Did I mention that? It is underemployment as well, chronic underemployment in Barbados. You do not have a job, if you had one before Covid-19 you do not have it now, or if you had one you are still holding on to it, you are not being paid, you are under employed, a chronic problem in Barbados. There will always be that situation of excess liquidity in the banking system. What is the role of the Central Bank of Barbados in trying to ensure that the climate in which we operate here with reference to the

economy is such that businesses can thrive, that households can be brought to better well-being, that Government policy can be so effective that they popularly and positively benefit people? These are things I am concerned about. I think that I should stop there for now, Mr. Speaker.

Mr. SPEAKER: The Honourable Leader of Government Business.

SUSPENSION

Hon Miss S. J. O. BRADSHAW: Thank you, Mr. Speaker, I beg to move that this Sitting be suspended until 2:00 o'clock.

Hon. Miss C. Y. FORDE: Hon I beg to second that, Sir.

The question that the House do now suspend until 2:00 o'clock was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. Prior to the suspension for lunch, this Honourable Chamber was debating the Central Bank of Barbados Bill, 2020, and to that we shall return. The Honourable Member for St. Michael South Central.

ORDER No. 2 (RESUMED)

Hon. Miss M. K-A. CADDLE: Thank you, Mr. Speaker. Sir, I rise to lend my voice to this debate on this Revised Central Bank of Barbados Act. In effect, as the Honourable Member for Christ Church East Central said, what we are doing is repealing the existing Act and replacing it with one that we have determined after much consultation responds better to the changing global dynamics in terms of financial and economic policy.

Mr. Speaker, the Honourable Member for Christ Church East Central in his introductory remarks made reference to his early career as an Economist and advised us that notwithstanding having graduated top of the class from his Undergraduate Degree he only began to understand economics really having started to work at the Central Bank of Barbados. I reflected as he was speaking that in my own experience one only really begins to understand economics seeing how it plays out and how it affects and is affected by the daily lives of regular people. I say that to suggest that I am not sure that sitting in a room in the Central Bank of Barbados in itself gives one any better understanding of economics than when one graduates from studying for a Degree, but I believe that having offered himself for political service the Honourable

Member now has the best understanding that this life could give us about economics which is really meant to be about the provisioning of goods and services and well-being to people and to different groups of people.

I begin there, Sir, because I think it is important for those of us who do this work to realise that our job is about connecting what may seem to be something that is theoretical and academic and which is not all connecting it to how people really live, that is the reason that we are here and that is the reason that economics exists, and I wanted to follow on from that by saying a bit about what are Central Banks for because I think that there are certain words that we use that we throw around that we take for granted that people understand or people can grasp. There is nothing at all that is out of the reach of people when it comes to this talk about economic policy but I do think that it is our responsibility to relate it to everyone's lives.

Mr. Speaker, as the Honourable Member for Christ Church East Central said in his introduction to this Bill we know that Central Banks are meant to be concerned with monetary policy, the business of interest rates, the supply of money, the rate of inflation and the exchange rate so that is what we talk about when we talk about monetary policy. It is really about how does the Central Bank make sure that inflation is kept in check, how does the Central Bank make sure that prices do not get out of the reach of regular people and companies and how does the Central Bank contribute to an environment where economic growth and economic development are possible. That is what the Central Bank is there for with respect to monetary policy.

Fiscal policy, taxation, Government expenditure, is the domain of the Government as separate from the Central Bank so Central Banks deal with monetary policy, Governments, the Ministry of Finance economic Affairs and Investment and the Government of Barbados are meant to deal with the fiscal policy, how do we collect revenue and how do we spend resources.

Mr. Speaker, in small countries like Barbados that have a fixed exchange rate, Central Banks tend to do a bit more of the heavy lifting of policy, and this is something that we know to be true and that we have seen, and so the Government of Barbados, the country, has to concern itself with what is the appropriate balance of the monetary policy side of things and the fiscal policy. I think that is an important public conversation. It has to be an important part of the public discourse because what we saw over the decade prior to this Administration coming to service is that everybody seemed to be confused about that balance and that division of labour and so what you had was a Central Bank of Barbados at the time that in the absence of clear guidance with respect to fiscal and macroeconomic policy had to be everything to everyone and in some regrettable ways, notwithstanding being a strong

institution, ended up being not much at all to anyone. What we saw regrettably was a situation where the Government of the time really lost its way in terms of being able to set and stay firm on its fiscal policy agenda, being able to set and stay firm in its overall economic growth agenda, and so you saw then a Central Bank that was able to so blurred those lines that at some points you were not sure who was speaking on whose behalf. Mr. Speaker, that is a very dangerous thing. It is very important for our Government to maintain responsibility for policies related to Government expenditure and the attending policies that affect that, and so we saw all kinds of things happening in terms of from where information was coming. Now, the way that this system is structured, there are certain key economic and social data that is collected and is published by the Barbados Statistical Service which is a part of the Ministry of Economic Affairs, however, what we saw back then at the time was that all of a sudden the reliability of data being published by the Central Bank of Barbados was one that we could no longer look forward to so those of us who depend on the Barbados Statistical Service and the Central Bank of Barbados for certain data, information is the basis on which good policy is built, started to see a situation where the kinds of things that were published we could no longer necessarily believe to be true because in any given year we saw that numbers were going in directions that could not be explained from the underlying policy, we saw data being published that arguably should not even have been published or had been sourced primarily from the Central Bank of Barbados. Hence one of the things that this Bill is very clear on is the mandatory provision of data by certain economic actors, because while there is some responsibility on behalf of on the part of Government and the Central Bank of Barbados to make certain information available so that people can make decisions, so that the economy can be predictable, so that if an investor wants to go into a particular sector that that information can be available so that he or she knows what is happening in the sector and so on.

Mr. Speaker, Sir, I always say that with rights come responsibility and so we keep hearing from our partners in the private sector, the Third Sector and other spaces, that the Government and the Central Bank of Barbados have a responsibility to provide timely and credible data. This is true, but here is the thing: We can only do so once we get data from those same actors, and so what happens, in many cases, is that we have certain surveys done, including the Balance of Payments survey, we need to get certain information on what is happening in certain sectors in order then to feed that information back to the public. We can only do that when those businesses and individuals respond to surveys and so this may seem like a small part of what this Bill does that I am paying attention to but I am doing so because having some responsibility for the Ministry in which the Barbados Statistical Services is located, it is very important that the data generated as official statistics is

known to be reliable. There are entire countries that have failed International Monetary Fund programmes. There are entire countries that have been downgraded in certain key indices because of the lack of reliable data; in other words, by global standards it cannot be that you can say anything about any particular activity in your economy and that you do not have a responsibility to the people of that country and to the world to be able to report accurately. This is the reason the Barbados Statistical Service in the Ministry of Economic Affairs and Investment is now revising the Statistical Act and so we will soon be in this place to discuss and to debate a new Statistic Act that again has to respond to what is happening in the current environment. Mr. Speaker, Sir, a part of that will have to look at the way that we analyse data. It will have to look at the whole business of data analytics and the fact that it is not just about doing surveys and having people respond but collecting administrative data and looking at it. What does that mean? How often do people access a certain bus service? How long does it take to stand in a line to go to the Eye Clinic at the Queen Elizabeth Hospital? The kinds of user data that we need to be able to improve services, this is a big part of economic policymaking. This is a big part of the role of Government and its partners in making sure that people have what they need in order to live their best possible lives.

Hence, Sir, I wanted to take the time because I strongly believe that while there are certain things that may seem a bit theoretical or seem complicated, most of the time, they are not, and through you, Sir, I encourage Barbadians to pay attention to what this Bill does, how it responds to or how it seeks to address the things that affect us in our everyday lives. Sir, I want to take a minute to talk about the parts of the Bill and what they speak to.

Mr. Speaker, Sir, Part II of the Bill under:

CONSTITUTION

Business of the Bank

3. The Bank shall continue in existence under this Act and shall carry on business in accordance with this Act.

Status and powers

4. (1) *The Bank shall be a body corporate.*

(2) *Subject to the limitations of this Act, section 21 of the Interpretation Act, Cap. 1 applies to the Bank.*

Offices, branches, agents and correspondents

5.(1) *The Bank shall have its head office at such location in Bridgetown as the Minister, acting on advice of the Board, may from time to time determine.*

(2) Notwithstanding subsection (1), the Bank may

(a) establish branches within Barbados;

(b) appoint agents and correspondents within Barbados and abroad; and (c) with the approval of the Minister, establish offices abroad.

Objectives and functions

6. (1) The primary objective of the Bank is to maintain the value of the currency.

(2) The secondary objective of the Bank is to promote financial stability which is conducive to the orderly and sustained economic development of Barbados.

(3). The functions to be exercised by the Bank pursuant to the objectives referred to in subsections (1) and (2) are to

(a) determine and implement monetary policy;

(b) implement policies for the management of the exchange rate;

(c) hold and manage all the official international reserves of Barbados;

(d) issue and manage currency;

(e) act as a lender of last resort to financial institutions;

(f) collect and produce economic and financial statistics;

(g) regulate and promote a safe, sound and efficient payment and clearing system;

(h) adopt and implement macro-prudential policy measures to promote financial stability;

(i) act as a prudential regulator in accordance with the Financial Institutions Act, Cap. 324A;

(j) act as a fiscal agent and financial advisor to the Government; and

(k) carry out any ancillary activities which are related to the exercise of its functions under this Act."

PART III

CAPITAL, PROFITS AND RESERVES

Mr. Speaker, Sir, Part III of the Bill looks at maintaining reserves accounts and how the bank is able to do that; it looks at issue of profit and losses and soon.

PART IV

ADMINISTRATION

Mr. Speaker, Sir, Part IV looks at the very important area on which the Honourable Member for Christ Church East Central spent some time, that is, administration -- the whole business of governance of the Central Bank of Barbados.

PART V

CURRENCY

Currency of Barbados

Parity of Barbados dollar

Mr. Speaker, Sir, a very key role of the Central Bank of Barbados is to be able to maintain that. Sir, in a few minutes I will come to how that is done and to the importance of the Central Bank of Barbados having the tools and the flexibility to be able to do that in a real way.

PART VI

RESERVE OF EXTERNAL ASSETS

Mr. Speaker, Sir, Part VI looks at what we mean when we talk about foreign reserves and how the bank needs to maintain that in order to maintain the peg to the dollar.

Mr. Speaker, Sir, the level of foreign reserves is the key ingredient to be able to stabilise the currency peg, to be able to stabilise the value of the dollar. Mr. Speaker, Sir, when we came to service in 2018, the reason we went to the country to have that conversation about what mattered to Barbadians and when Barbadians very clearly said back to us, yes, we want to maintain the stability of our currency, the role of the Central Bank of Barbados in doing that is key and that is why we have come here to have this very important conversation.

PART VII

FOREIGN EXCHANGE OPERATIONS

Mr. Speaker, Sir, Part VII of the Bill looks at foreign exchange operations and that is important because how we deal with foreign exchange is very important for investors and knowing what are the terms for them for getting foreign exchange in and out of the country.

PART VIII

RELATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Mr. Speaker, Sir, at Part VIII the Bill goes into relation between the Central Bank of Barbados and other banks and other financial institutions. The Central Bank of Barbados is the prudential regulator and supervisor of the commercial banking system and of financial institutions. That role is important and will become more and more important as we go forward.

PART IX

RELATIONS WITH THE GOVERNMENT

Mr. Speaker, Sir, Part IX looks importantly at the relationship between the Central Bank of Barbados and the Government.

PART X

ACCOUNTS AND AUDITS

Mr. Speaker, Sir, Part X goes into accounting and auditing, what are the internal and external audit functions that affect the bank.

PART XI

MISCELLANEOUS

Mr. Speaker, Sir, Part XI deals with miscellaneous items, including savings and transitional provisions, in case there is a change of directorship in the bank.

Mr. Speaker, Sir, in my brief time, having dealt with the issue of data and how important it is, I wanted to say a little bit about the accountability part and what this Bill is trying to do is maintained, that the clear distinction between what the Central Bank of Barbados reports on and what the Barbados Statistical Service reports on, while that is so important. It is so important to us, Sir, at the Barbados Statistical Service that right now we are getting ready to

publish a National Statistical Data page, with support from the Fund. Sir, the reason for that is that we need to have one place where everyone can go, internationally, and see certain key economic indicators - what is happening with the Gross Domestic Product, what is happening with inflation, how are prices rising and falling, what is the unemployment rate -- these one page, one place where that is located. However linked to that what we are also going to be proposing as part of the new legislation is a calendar for the release of key information so that people can predict when unemployment numbers will be published, and when the retail price index will be published so that you can see the changes in prices and so on. I make that commitment in terms of being able to publish data in a timely way while also sending the message that the only way that the Barbados Statistical Service can do that is when individuals and companies understand that they need to be able to submit that data to us, Sir. We need to be able to get that information. Some of it requires putting out a survey remotely, some of it requires having men and women who are our field officers to go and knock at your door, but it is important because while it may seem like a nuisance, it is what we need in order to be able to develop economic policy.

Sir, I also want to focus on that distinction between monetary and fiscal policy. At Clause 40 in Part 6 of the Bill, it speaks to the duty of the Central Bank of Barbados to signal when there is a critical decline in the foreign reserves that would jeopardise the fixed exchange rate regime, and at that time when the Central Bank notices that the decline is coming to then suggest recommendations and measures to forestall or to remedy the situation. Why is that important? Sir, it is important because in the last Administration we saw -- and some of us felt as if we were watching helplessly from the sidelines -- while the reserves began to plummet. As the reserves were declining, there were those of us who started to wonder how we were going to arrest this situation because when your reserves start to decline, it means that the Central Bank in its role as lender of last resort to the commercial banking sector cannot help you in the event of a crisis. The truth is this, and we say this but I do not know if people grasp the importance: If we had been hit with this COVID-19 pandemic back when reserves were at a meagre four-and-a-half weeks' or five weeks' cover, we would have had real reason to panic. People talk about us discussing the matter of the level of the reserves as if it is academic. It is not academic. It is the money that you have saved up in case of a real crisis. It is what is there for when the commercial banks are not in a position to be able to finance the regular business of the country, and we think that cannot happen so easily but it can. Sir, what this Bill enables the Central Bank to do is take action. If you see the reserves plummeting, and you know that this is leading to a crisis situation, to an economic crisis, the Central Bank's role is to be able to

have some flexibility in how it manages those reserves to stop them from reaching critical levels.

Sir, I want to say something as well about the matter of what the Bill refers to as quasi-fiscal activities. There is a running conversation about what central banks should or should not be able to do, and I think that there are some who are of the view that central banks should stay away from things that look like fiscal activities, things that have to do with expenditure or with tax or with getting involved in the actual financing of investment or financing of companies. As I said before, there is no single blueprint in countries that are small like Barbados and in countries that have a fixed exchange rate where, frankly, central banks do not have as much to do as in other countries with a different exchange rate regime. There has to be that balance. There also has to be that balance because the fact is that a lot of your resources, when it comes to financial and economic policy-making and strategy and thinking, are in your central bank so if you cannot draw on those to help execute some key functions as a small island, then you are going to find yourself in some difficulty.

Therefore, we have provision in this Bill for the Central Bank to be involved in things like the Enhanced Credit Guarantee facility, which is administered by the Central Bank of Barbados and which provides a guarantee through commercial banks and other financial institutions for them to lend to individuals or to businesses where there are higher levels of risk than the commercial banks want to take on. We can have a conversation and a whole separate debate for a whole day on commercial banks' understanding of risk, Sir, and the extent to which those banks understand risk in a small island of which a large part of its economy is tourism. This is not to say that we will not diversify but let us not fool ourselves: When it comes to the idea of comparative advantage and what our assets are, our tourist product is one of those. What we find happening in general in this region is a commercial banking system that perhaps has narrowed its idea of risk or the risks that it would want to assume, while not accounting for the reality of small islands like Barbados when it comes to the agricultural and tourism sectors and so on. Therefore, the Enhanced Credit Guarantee facility is established at the Central Bank so that lending institutions can get a guarantee of up to 80 per cent for these monies which they would want to lend to entities or to ideas they may consider risky. Why is that important? We keep saying that one of the issues with growth and entrepreneurship is access to credit and access to finance. The Enhanced Credit Guarantee facility was established -- and we are right now about to set up, hopefully, a second phase of it and that is going through its approval process -- so that we could get some innovative ideas to market, so that we would not have to continue to contend with this very prescribed idea of what risk is or what risks the commercial banks are not willing to assume, but so that we could get around this real

failure in the market by having this facility that gives this guarantee.

Therefore, Sir, that kind of role for the Central Bank to play is extremely important, and the Bill makes provision for the Central Bank to be involved in these kinds of things. This is also why we are right now restructuring and also looking to recapitalise the Enterprise Growth Fund Limited, because that institution which is also in the Ministry of Economic Affairs also has had to help address that market failure, where we are not seeing the levels of liquidity in the commercial bank system being directed to the real innovative ideas coming from Barbadians and people who live here. The Enterprise Growth Fund Limited now has to shift its focus, therefore. It has to be and will be that engine which really drives real new ideas in terms of agriculture and agro-business, in terms of how we re-engineer the tourism sector, in renewable energy, and how we make sure that regular people can invest in this sector.

Sir, with respect to medicinal cannabis there is a whole reformulation of Enterprise Growth Fund Limited. The Enterprise Growth Fund Limited really was this country's national development bank, and it has to step forward again and play that role. This is where we start to see the relationship between the Central Bank's regulation of financial institutions and the relationship with the credit market and how it affects real Barbadians, because this is important. It is important that we understand that the Central Bank is not just an institution on a hill. It is not on a hill but I am using that metaphorically. It is not an institution on a hill that is just meant to regulate.

In a country the size of Barbados, the declines of market failures, let us be real that we have, because until we get to a real understanding of small island vulnerability and what risk really looks like, some of the things that we say are risky are not really risky. That is why we establish things like the Trust Loan Fund because we wanted to say in the market, if you all are not willing to bet on Barbadians, this Barbados Labour Party Government is willing to bet on Barbadians and their ideas, because we know that they are among the best in the World. However, as the Honourable Member for Christ Church East Central said, we have and will look more closely at the role of the Central Bank of Barbados in looking at what commercial banks are doing as a part of the market. Commercial banks may be headquartered elsewhere, but once they come here they do not live in a vacuum. They are part of this economy and have a role to play, and so what value is it to hold on to reserves and excess liquidity rather than to pump that back into the growth of the economy and the growth of the country where you exist.

Sir, there is one or two other matters that I want to make reference to if time allows. It has to do with the bank as

the sole authority for the supervision operation administration of the national payment system and clearing house facilities. The Honourable Member who introduced the Bill made reference to getting rid of cheques and making things easier for people. However, I have to emphasize this because when we talk about a national payment system, what we are talking about is really making sure that there is no one who is on the margins of being a part of our financial system. The Honourable Leader of the Opposition, I think it must be a particular talent to be able to set up straw men, what ifs and slippery slope arguments to really just create any circumstance just by speaking it into being. What if this would happen or what if that would have happened or who knows, but I would love to see the day when the Honourable Leader of the Opposition deals in the facts that are before us. He made reference to the idea that some people may be if we go wholly towards a digitised modernised payment system that they are some people who might left out.

Sir, one of the principles of modernisation and the digital economy, certainly one that this Government has adopted wholeheartedly, is none exclusion. We make sure that those with no access to or interest in technology are not disenfranchise. It means then that your national payment system will always have options for people who do have that access to technology or are not likely to adapt to that technology. That is perhaps the importance of the post office banking system. That is the reason that we are moving to using the post office system, and I am sure that we will be back in this place having that discussion, as a way for people to carry out very simple payment and other unrelated functions that the kind of business they will need to transact in their

Mr. SPEAKER: The Honourable Member has two more minutes.

Hon. Miss M. K. A. CADDLE: However, I also want to say something that is very important in terms of that relationship between the Government of Barbados and the Central Bank. The Honourable Leader of the Opposition made reference to Section 63 of the Bill, which I think is important. Which is that, if the Central Bank of Barbados prescribes a particular macroeconomic policy that is not in the best interest of the country, then there has to be a mechanism by which the Government of Barbados, the Minister responsible takes responsibility for the domain that is hers, which is setting the appropriate macroeconomic policy for the entire economic system to function. That is not anything that is outside of the bounds. It is very clear in terms of the relative role of the Central Bank and the role of Government, that the macroeconomic stability of the country is the domain of the Government of Barbados, and so that stipulation has to be there.

However, I also want to say that any law that is drafted can only make reference to the situation that obtains, and so, to go back and forth about whether the Governor General will exist in 11, 12 or 13 months is to distract from the issue. The Honourable Member has developed a particular talent for doing that. We all have to stick to our areas of advantage.

Sir, in closing, I want to say this, I am happy to see that the current Governor of the Central Bank understands the importance of communication and engaging with the public. We have gotten to a place in this country where there was almost this notion that you do not have to talk to anybody, what happens in these walls is our business, and as Governor when I come to you and until I do you wait until I am good and ready. I am glad to see there have been a recent series of very engaging events led by the current Governor of the Central Bank, because the people of Barbados have a right to hear from chief policy makers and those responsible for establishing and executing policy in this country as appropriate.

However, I want to finally say that the Central Bank has many roles to play. One of those has to do with making sure that the projects that are financed externally from multilateral lenders, the accounts that are established to execute those project are well maintained. What we saw in the past was that in a mad scramble, to make the reserves look a certain way, monies from all over the place were pulled in to say, yes this money is ours you can count that. It might be a controversial thing to say but I want to make it very clear that, I always say that my reputation is the only thing I have similarly for our country, so that if you are shown not be following the rules that other institution have for the money that they lend or grant to you as a country, then you start to lose credibility. I suppose that after 23, 24 or 25 downgrades that by that time the whole notion of credibility is so vague that these do not matter, but your word matters and when you sign an agreement and you say that you are going to conduct yourself in a certain way that matters. That is why I am pleased with part of an Administration in which doing the right thing with respect to other people's money, money paid in by taxpayers of Barbados and other countries is important.

Sir, I want to close by saying that I encourage through you, that all Barbadians pay attention to what this Bill allows for because these matters are not academic or theoretical. The way that you interact with your commercial bank whether you can get a loan to set up a valet shop or access a certain kind of mortgage, these are all the things that affect our daily lives and that we affect. I want to say that this Bill is just part of a series of very much needed reforms that this Administration has been spending a lot of time and consultation on.

With those few words, I want to commend this Bill.

Hon. C. E. JORDAN: Thank you very much, Mr. Speaker. I want to join this debate relatively briefly to say a few things. May be I should start by saying that I almost rose on a point of order When the Honourable Member for St. Michael South Central was speaking. The Member referred to a statement by the Leader of the Opposition and suggested that it was some skill. I really thought she was misleading the House by calling that kind of approach a skill but I understood what she meant. I did not rise at that point because that is not a skill, Mr. Speaker. It is really not a skill. It is really trying to mislead and be in some ways disingenuous. I remember when the Leader of the Opposition- I will not spend a lot of time on this- agreed with us that what the then Opposition was doing was not correct regarding the matter of keeping interest rates low and driving potential investors to invest in Government paper.

I am sure he must remember that is not a policy of this Government because he and the rest of us stood on the same platform, and spoke to that matter. He would also have known that we came into office with the intention initially of saving the Barbados dollar, so there is a number of things. I think this is something that we need to keep saying to those who have sent us here. There are a number of things that we did not agree with and that we still do not agree with that at this point we have not been able to address.

I say this because the people who have sent me here and the rest of us here expect us to be clear, fair truthful and upfront so that it is not beyond my people and our people to understand us when we say that while we oppose a measure and we still do not agree, there is an order to which we do things. We come into office to serve the people with certain priorities. Saving the Barbados dollar was that first priority. As fate would have it, just as we are about to address a whole number of other matters, then the pandemic hits us. Therefore, the matter of low interest rates is just disingenuous to suggest that is this Government's policy.

There are certain words which I know you cannot use and as a person of faith, words such as "nastiness" I do not like to use either but it seems like bad faith when you say things in a certain way so that somebody can say technically you have not said. However, the way you have said it tells everyone who has heard that this is what you really mean to say. I do not think that is nice and to suggest that low interest rates and trying to push people to Government paper is a policy of this Government or a direction this Government wants to go in is just wrong.

Before I speak to governance generally, the other thing is the matter of securities, bonds, whatever the papers and secondary markets. Mr. Speaker, you can choose to buy sugar from Massy Distribution on Spring Garden or

you can wait until Massy Distribution sells it to the shop in Bank Hall, then go to the shop and buy the sugar. You decide how you do that. There is nothing fancy about primary and secondary markets. If you buy something and you want to sell it to somebody else who wants to sell it on, then that is what you do.

However, the notion or suggestion that there is a something so strange or almost underhanded about secondary markets is again to make a suggestion or may be plant some kind of bad seed in the minds of people to have them believe that a secondary market is something a bit shady and if BOSS bonds are being sold on the secondary market, then that suggests there is something wrong with the whole system. I grew up in a shop and when we sold sugar I never thought there was anything more wrong with the sugar than when it came from the sugar bond on Country Road. Sugar was sugar and you bought it at the place where you wanted to buy it. Those who wanted to sell, sold in the locations they wanted to sell it.

I just wanted to speak to those two things. I did not rise on a point of order because I have come to realise that sometimes when people have nothing to say and you rise on points of order, you give them something to hold on to and add five minutes to their presentation. My father has always told me that you live and learn, so I "dun" doing that. Mr. Speaker, governance is something that this party in Government has always taken very seriously; the matter of governance.

This matter of good governance started not now but in 1938 regarding how we managed the economy, the country and society. From talking to people as a young man, it has always been seen as a hallmark of the BLP in office; good governance. It put structures and systems in place that would allow for proper functioning of institutions and making changes when they became necessary to ensure that proper functioning actually continued. Good governance is important in the best of times but, Mr. Speaker, in a time like this where we are in the midst of a pandemic and economies are being brought to their knees governance is even more important.

I want to commend the Ministry of Finance, Economic Affairs and Investment for bringing this Bill at this time because with the myriad of matters that that Ministry with its two or three divisions has to look after, I think is highly commendable. I want to commend the Ministers and public officers who have worked to bring this Bill to us today. We live in an uncertain world, a very uncertain world and when you are in an uncertain situation then systems have to be put in place to bring order and to bring certainty to life. In this case, to economic activity but as the Honourable Member for St. Michael South Central said, economic activity only really refers to how people live their lives. Economic activity is going to the shop to

buy sugar, that is economic activity and if we look at even more basic things, economic activity is also going to the shop to buy toilet paper so whatever you do that causes you to have to buy toilet paper, it all boils down to economic activity. A Bill like this that speaks to an aspect of how we manage our economic affairs particularly in this situation on the monetary policy side, this is important because there is need for certainty, there is need for order in our economic activity. There are a few things -- and I promise not to be too long -- that I wanted to speak to. The matter of the prohibition against the purchase of Government securities in the primary market except in two situations and this Bill speaks to something that I have said in this Honourable Chamber before. This Government is prepared to read the situation and make any necessary adjustments. I am saying to you, Mr. Speaker, that if this Bill had come 12 months ago it would have said except in cases of natural disasters and it probably would have ended there but this Government is a Government that learns and so bringing a Bill in this Honourable Chamber in December of 2020 we have not just the matter of natural disasters because you would have heard the Honourable Prime Minister, you would have heard the Honourable Member for Christ Church East Central and the Honourable Member for St. Michael South Central speak to the natural disaster clauses in the arrangements that we have made with our creditors and those who hold our debt, but having learnt and being a Government that learns, what is included in this Central Bank of Barbados Bill is not just the prohibition against the purchase of securities in the primary market given the exception of natural disasters, but also giving the exception for break out of infectious diseases. That is important, Mr. Speaker, - I do not want to say it is obvious -- but I think the pandemic has shown us that there is the possibility of having a situation that is so dire that it will require drastic action. While this part of Part 9 of the Bill makes the prohibition, I am of the view that it lends to good management because it allows for adjustments to that prohibition in the case of extreme circumstances. I think, persons learned like yourself, Mr. Speaker, use the term *force majeure* -- I sorry I may not be pronouncing it well. I would have to ask the Honourable Attorney General or the Leader of Government Business. I am not schooled in that language -- but it allows for exceptions in those extreme cases which I think all Barbadians would recognise need to be exceptions. There were times when we felt in a hurricane we needed exceptions to a number of things because we now have to build back with roofs off, powerlines down, all of that kind of stuff. We have now come to realise that a pandemic, an outbreak of an infectious disease can render us just as helpless as is the experience of some countries as a natural disaster and so I think the inclusion of that clause is a very good one. It also sets, Mr. Speaker, this Bill conditions on advances from the Ways and Means Account and I think that is important. It has been said many times and while I am not one to keep harping on what happened in the decade before we came to

office, what I would say to you is that Barbados was taken to the brink because of the abuse of this absolute facility. I cannot go to a bank having set up and overdraft facility and just keep writing cheques. It does not work that way in real life and the management of an economy is real life and so a Government must not be able to, having been told what your limit is, just keep writing cheques because that opens the door to mismanagement, abuse and just as happened coming up to 2018 can take us right to the brink. Luckily the people of Barbados stopped the rot at that point, but it could have taken us over the edge and so setting the conditions on how those advances of the Ways and Means Account are dealt with is also something that Barbadians ought to be happy is in this piece of legislation.

The Honourable Member for St. Michael South Central spoke to statistics and the gathering of information. They say confession is good for the say and I have to make a confession. I have received in my previous life, many balance of payments survey forms and to tell the truth, Mr. Speaker, I do not remember ever filling out one of them, but now that I am in this place I realise how important it is and so I have to agree that there should be a penalty to not returning that information when it is requested. I think we have to do a bit more than just putting the penalty on and I really want to call on the entire Ministry because this is for the Finance Division but also for the Economic Affairs Division where Barbados Statistical Service is located. I think we have to, on an ongoing basis, educate our people, individuals, businesses and business people about the importance of having the information that would allow for governments and policymakers to make good decisions because good policy cannot be made if there is not good information. I believe that this clause is properly in the Bill and I am calling, well I am saying it now, but I am also calling for the Ministry to do some educating so that people move from responding because they want to avoid a \$10 000 or \$20 000 fine to responding because they have recognised that this is important for the management of the affairs of the country. This is a party that believes in properly managing the affairs of country and so I want to appeal to business people and to individuals, respond to the balance of payments surveys, respond to the labour surveys, respond to all the surveys you get because that is what will allow our country, its policymakers, its public officers to craft good policy.

There are a couple of things that speak to now on the accounting side and this is really, for me, another example of good governance. There is the matter of rotating the auditors. In another previous life, I used to be on the audit team for the Central Bank of Barbados for the audit company that I worked with at the time and the Central Bank of Barbados audit was always and interesting audit to be working on even going in just to count the money. As a youngster, Mr. Speaker, to go in just to do what we called the stock count used to be a very interesting thing and you

did not mind spending all of Old Year's evening into Old Year's night doing it because it was just something very fascinating.

Mr. Speaker, the matter of rotating auditors I think is important maybe especially in a small society like ours. It is important for the independence of the institution that the bonds that happen because all of us live around here and we know each other... It is important for a firm not to believe that it has to give a particular opinion or that it has to overlook something that comes to its attention only because it wants to retain the audit. That I am not saying happens because I would not want to say that about my former profession but I want to say that it is possible, and if we are going to craft legislation then we have to foresee what is possible and put systems in place to mitigate against bad practice, and I think the idea of rotating auditors is a good one.

I also like the reference in the Bill, I think this is at Part X in this same section, to adhering to international financial reporting standards. That is important. Those who read the financial statements of the Central Bank of Barbados must be comfortable that when it sees a categorisation of creditors, liquid assets, current liabilities or equity that that person's understanding of the term is not some strange new definition but that the normal understanding, normal meaning the understanding that is part of what we know as the international financial reporting standards, that my understanding is your understanding because the same standard is being used. I think it is important for all of us but particularly those who will read the financial statements to be clear and comfortable that international financial reporting standards are needed.

Like I said before, Mr. Speaker, order is important for organisations generally. Order is critical for a country. Order generates a confidence that is necessary for all of us because all of us are economic actors. Confidence is necessary if we are to act in a way to maintain the viability of the country that we are so happy to be a part of which we just celebrated 54 years of Independence. If there is not that order, if there is not that certainty, then we open ourselves to speculation and an example of that, at least what we were told was an example of that, was some time, maybe two or three years before we came to office, I am sure the Honourable Member for Christ Church East Central would remember this, we were told that part of the reason for a pretty sudden reduction in foreign exchange reserves was because of capital flight. That happens when people are uncertain, that happens when there is disorder and that is one of the reasons why the people got rid of the last Government. Uncertainty, disorder, leads to all kinds of implications and can lead to implosion and so the matter of governing well, making sure that there is order in our financial systems, is important to the man on the street. It is

important to all of us because if it does not happen, if there is no order, if there is certainty, there is capital flight which leads to a reduction in foreign exchange, there is the lack of investment which means jobs are not being created and that investment could be initial investment, it could also mean investment in existing businesses to grow existing businesses, then it affects all of us, it affects the entire country, there are no additional jobs. When there is no economic activity then there is no tax revenue or not sufficient tax revenue so there will be no money to buy buses, garbage trucks or to start to fix roads, all of these things. The lack of order impacts every single person in Barbados and that is the reason why I am commending this Bill not just to you in this Honourable Chamber, Mr. Speaker, but to the entire country.

I am aware that when people hear this is the Central Bank Act they believe it is the purview for people who have brains of some different shape or size but this is a matter that affects everybody. That certainty is necessary if we are to move forward as a country and if we are to avoid the speculative behaviour which will undermine the viability of a small open economy like ours. It is just needed just like order is needed in industrial relations because if we have people treating workers like trash or if we have workers just deciding to walk off... When things get disorderly then we have problems and so while I commend this Bill to this Honourable Chamber and to the people of Barbados, I also say to employers and managers - and I have to include managers because I know not just recently but I do know that sometimes managers try to be rougher than the owner to make a point and sometimes they treat those who used to be their peers who they supervise as trash not because the owner of the establishment wants them treated as trash but because they have now arrived and they hold the keys and so they maybe harped back to a point where they feel that they should also be wearing the cork hat and wearing a short khaki pants... Those days are over because that kind of action breeds disorder.

Mr. Speaker, I know this of Barbadians and I have kind of thought through comparing Barbados to even some of our Caribbean neighbours, when Barbadians react it is usually when they have been pushed to a certain point and I want to say to employers as I say to workers let us remember that we have gotten to where we are mainly, not only mainly, because we have managed at least in the post-independence era to maintain a certain level of order so that even that when as bad as the last Government was when they lost every seat they put their hands up and walked away. Well, some of them are creeping back without shame but that apart there is a certain order that attends to how we see ourselves and I am calling on managers of organisations not to do anything that will destroy the order that is necessary for the functioning of a well-ordered society, for a good society, and not to do things that will

push people to the point where they have to react in the way that we are seeing some reaction in our society.

It is important for us, Mr. Speaker, if we are all to live in a decent, fair, just, non-discriminatory society that we do and that we follow the principles that form the foundation of this Central Bank of Barbados Bill, 2020, those principles that speak to good governance, those principles that speak to a recognition that a country is not just dollars and cents, but that a country is made up of people who are at the end of the day the primary economic actors. Mr. Speaker, Sir, with those few words, I am obliged to you.

Mr. SPEAKER: The Honourable Member for Christ Church East Central, you have the Floor.

Hon. R. R. STRAUGHN: Mr. Speaker, Sir, I want to commend the Honourable Members who contributed to this debate. Mr. Speaker, Sir, as you are aware, our mission has not yet been completed as a Government, COVID-19 pandemic has certainly, as we would say, “thrown the cat amongst the pigeons” in relation to our progress but we are still committed to transforming and reforming a number of entities across this country and in so doing it is the intention of this Government to transform Barbados totally, such that we are a world-class within seven years.

Mr. Speaker, Sir, I would just wish to respond to a couple of issues which were raised by the Honourable Member, the Leader of the Opposition because the perspective the Honourable Member put before this Honourable Chamber, which both the Honourable Members for St. Peter and St. Michael South-Central have pretty much put it very well, because it is instructive that this Government came to office at a time when we were under great economic stress and the last Government had deliberately, Sir, (deliberately) determined that there would have been a policy change with respect to the minimum deposit rate moving from 2.5 per cent then to just about 0.1 per cent, specifically to then issue those Savings Bonds which we all recalled were issued at a very time which I indicated that the Central Bank of Barbados was printing at that time \$50 million a month in order to help finance Government expenditure. Mr. Speaker, Sir, to suggest that that may have been this Government’s policy, or even to suggest that because interest rates are still very low today, that somehow it is this Government’s policy, without recognition that we have successfully completed not just the domestic debt restructuring but, equally, the external debt restructuring that from a financial perspective would have seen a significant impact on the profitability of some of these very financial institutions. As a matter of fact, Sir, I recall during some of the very heated exchanges we had with the representatives of the creditors, the impact of IFRS-9 on the banking sector and the potential losses which the debt restructuring delivered as a result of the

reduction in interest rates, as well as the extension of the duration of the newly-issued securities, meant that from an operational perspective a number of the financial institutions were no longer receiving the kinds of rates of returns that they were receiving under the previous Government because of those many downgrades that this country had suffered and therefore in understanding the current environment it is as if you could go down town and buy a puzzle, open the box, “skin” out the pieces and expect all of those pieces to magically fall into place all at once, as you would have seen on outside of the box. Therefore, this Government continues as quickly as we possibly can to reform a number of these institutions to address some of the systemic neglect occasioned by the lack of interest on the part of the previous administration, that we are now building back, literally, institution by institution, system by system, to ensure that we can create that Barbados that we will all be proud of. However in so doing, I impress upon Barbadians, through you, Sir, that we have to pay attention to the institutions and how they are managed, how we resource them, and how we can bring a greater level of accountability of the institutions to us, but that us as a people too recognising that we have a part to play in pushing for the kinds of reforms that we all want to see. The reality is that there are some who are reluctant to make changes because the status quo happens to be good for me, and there will be others who want to see changes to improve the way of life for a wider cross-section of people and very often there is that conflict and therefore as a society we have to be constantly monitor and implement policy that ensures that we are able to bring the majority along the development trajectory and path to ensure that we can keep this Barbados as beautiful as we can.

Mr. Speaker, Sir, the vexing issue of the way banks and other financial institutions interact with their clients is one that has not gone unnoticed by this Government and as you are aware, Sir, in the Throne Speech we determined that we shall establish a Financial Services Tribunal and while this Bill today speaks to the operation of the Central Bank of Barbados... Mr. Speaker, Sir, you would appreciate as we have determined the Central Bank of Barbados must continue to ensure that there is financial stability in the system and therefore the Financial Services Tribunal as contemplated will focus more on the market-driven criteria or performance of the way that financial institutions in general relate to consumers, leaving the mandate of the Central Bank of Barbados ensure the financial stability of the entire financial system which includes banks, credit unions, as well as insurance and other institutions, in collaboration with the Financial Services Commission. Sir, we determined that based on what the Central Bank of Barbados does as the regulator with respect to protecting the system, that we will devise the Financial Services Tribunal to be able to respond to many of those complaints and to ensure that no Barbadian or anybody who chooses to reside in Barbados would be disenfranchised in any way

with respect to access to whether banking, insurance or any other financial services, that we can cover off that. Sir, that is something which we are working on very quickly in order to be able to start to turn around the nature in which financial institutions treat with their client class. The reality is, Sir, that there is an accusation about the Government keeping interest rates low in order to sell bonds at a higher rate. It is difficult to contemplate how such a charge could be made against this Government. You would recall, Sir, that the exception is the Barbados Optional Savings Scheme (BOSS) bonds, which incidentally are now being sold and represent a choice of public servants to sell those bonds in the open market in the same way that anyone who currently has a restructured bond from the domestic debt restructuring can equally sell their bonds in the market. Sir, as we speak, the Government of Barbados has not officially issued any bond to be bought in the open market since October 1, 2018. As you would know, Sir, when we were leading up to the debt restructuring we had suspended open market operations. We agreed during the transition period that we would roll over the Treasury bill financing with the domestic institutions in order to allow us to reach a point where we can restructure all of our debt. Sir, all of that was done between May and October 1 in order to ensure that we kept the debt in check, but the Government of Barbados has not issued any bonds to the market so any accusation that we are keeping interest rates low in order to sell debt into the market, is unfounded, I think, Sir. I would not want Barbadians to believe that its Government is in any way participating in some kind of scam or charade or any such thing, Sir.

The issue of bonds to public servants, in a real sense, represents what you may refer to as a private placement because it is a specific set of persons to whom the bonds are issued, and those persons can then determine whether they will keep them or sell them into the open market for those who wish to purchase said bonds. While I know that in another place the concept of fake news and making up stuff seems to have taken on a level of fever, I am happy that here in Barbados we know different and therefore I wish to disavow any idea that the Government of Barbados, this Government, is deliberately keeping interest rates low in order to issue debt into the market. Sir, nothing could be further from the truth. What I would say, Sir, is that in the context of what I mentioned earlier about the recapitalisation of the Central Bank and as we indicated would happen as a result of the domestic debt restructuring, there would have been a period of time during which the Government would not have needed to finance any of its operations through the issuance of debt. Sir, you would recall that we determined that the BOSS bonds were simply to re-allocate cash from current to capital, which is what the mechanism has allowed us to do so that we can enhance economic activity at this time. However, the potential recapitalisation of the Central Bank may -- perhaps

depending on how it is executed -- precipitate some issuance of new debt into the market.

Therefore, it is from that perspective that we knew that while we are not necessarily required, under the structure of the programme, to issue any new debt to finance any fiscal deficits given that we were running surpluses, we knew clearly that with this four-year period over which we were initially contemplating with respect to the Barbados Economic Recovery Transformation (BERT) programme that we would not have had to issue debt. However, the absence of the Government issuing debt into the market clearly has left a void for pension schemes and other institutional investors, Sir, and what the BOSS bonds have demonstrated is that there is still great appetite for debt in the market. Therefore, Sir, in reviewing the circumstances we may very well over the course of the next few months make a determination as to what is the level potentially of the recapitalisation of the Central Bank and what that may occasion with respect to being able to, in a real sense, dip your toe back into the waters. Sir, appreciate, however, that it is not intended in any way to finance Government's operations. We must appreciate also that within the context of the capital markets in Barbados, Government still is the major issuer with respect to securities, and certainly in this environment it is something we will have to contemplate, given that there is a mismatch both on the Central Bank's balance sheet with respect to the assets it currently has vis-à-vis the liabilities. Equally, however, there is demand within the context of the private sector but, obviously, the Government over the course of the last two years has not issued any new debt, and therefore that demand has to be dealt with somewhere.

Sir, the reality of the situation is that we have had a significant disruption because of COVID-19 and the economy certainly has taken a significant shock. To the extent that the Honourable Leader of the Opposition referred to the liquidity in the banking system, I want us to appreciate a couple of things. The business of banking or provision of financial services still pretty much has to be predicated on how one protects depositors. While we do have a deposit insurance scheme, what is important is to understand the trajectory for growth and how those resources will be deployed in being able to deal with growing business and attracting investment in the country. As I said, Sir, when we bring the legislation to deal with the credit reporting, the Central Bank will be responsible for ensuring that the regime which sets up the credit reporting mechanism, we believe, will be a critical component in being able to unlock these very resources to which the Honourable Leader of the Opposition is referring simply because, as it stands at the moment, there are gaps perhaps within the context of institutions. Sir, any of us can go down Broad Street or any part of Barbados and borrow money from any bank or any "Part 3" institution, and there is no obligation for anyone to share information about us

and our payment history as it stands at the moment. Sir, whether that is good or bad, the reality is that the information gap prevents decisions from being made with respect to investment. Therefore, as we seek to build up the credit profiles for individuals, businesses, investors in the context of Barbados. Whilst it will not happen overnight to soak up all of that liquidity, the reality is that we believe that that will be one critical step in the process to be able to redeploy some of those resources across the financial system in order to help build out the economic infrastructure.

Sir, as I said equally the digital transformation is a very important element within that process and therefore we fully appreciate that once we put these systems in place we will be able to achieve that which we have been trying to achieve for some time.

Sir, this Bill as I said is just to bring one saga to an end. The next phase it to determine the level of recapitalisation that we can contemplate with respect to the bank. The bank has business to execute on behalf of the people of Barbados which we have charged them to do to help restore the trust and credibility that ordinary Barbadians used to have in the Central Bank of Barbados. This Government will continue to lead in advocating for reforming institutions in order to respond to the needs of the various constituents that they are serving with respect to the banking sector, business community, and the depositors who are putting their money into these said banks. We are taking concrete steps to respond to a number of these issues. Therefore, I believe that our track record up until now has been credible as a Government. We will continue to build on the progress that we have made and not withstanding COVID we will continue to commit to improving the lives of ordinary Barbadians.

Sir, this Bill before the Chamber as I said earlier sets out the manner in which we expect the Central Bank to operate in a modern Barbados to be an engaged regulator and to be able to facilitate innovation in investment as they have done by working with the Financial Services Commission to develop the sandbox such that they can better understand the new technologies in order for deployment. That is what we would expect of any institution, because once we appreciate that the Central Bank has been a traditional institution in this the twenty-first century, we must now leverage that experience and understand that where there is uncertainty that we test in the environment in the context of the sandbox to allow the regulators to understand any product before they are unleashed unto the citizens of this country. Such that, regulators can feel comfortable that any financial product, any Barbadian in this country chooses to engage in, once we can never eliminate total risk. The reality is no risk no reward.

The underlying conditions under which people are making financial decisions, we want to ensure that the regulators have in a way kick the tires to make sure that anything is in working order and therefore allow citizens to be able to make financial decisions that are in their interest knowing that they have been provided with the best possible information.

As long as the Central Bank as well as the other regulators continues to work in that vein and give the various pieces of information to consumers we would be confident and comfortable that Barbadians and certainly working with the newly established financial literature bureau will allow Barbados to be able to make better financial decisions on behalf of themselves and their families.

Sir, I want to commend this Bill to the Chamber. I want to thank you for indulging me in responding to the Honourable Leader of the Opposition. I want to thank Members who have contributed to the Bill and I beg to move that this Bill be read a second time. I am obliged to you.

Hon. Miss C. Y. FORDE: I beg to second that.

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

On the motion of Hon. R. R. STRAUGHN, seconded by Hon. Miss C. Y. FORDE, the House resolved itself into Committee on the Bill. Dr. S. E. BROWN, Chairman of Committees, in the Chair.

Madam CHAIR: This Honourable House is now in Committee.

COMMITTEE

Part 1 Clauses 1 - 2, were called and passed.

Part 2 Clauses 3 - 6, inclusive, were called and passed.

Part 3 Clauses 7 - 10, inclusive, were called and passed.

Part 4 Clauses 11 - 32, inclusive, were called and passed.

Part 5 Clauses 33 - 39, inclusive, were called and passed.

Part 6 Clause 40, was called and passed.

Part 7 Clauses 41 - 43, inclusive, were called and passed.

Part 8 Clauses 44 - 55, inclusive, were called and passed.

Part 9 Clauses 56 - 63, inclusive, were called and passed.

Part 10 Clauses 64 - 68, inclusive, were called and passed.

The Schedule was called and passed.

On the motion of Hon. R. R. STRAUGHN, seconded by Hon. P. R. PHILLIPS, Madam CHAIRMAN reported to His Honour, the SPEAKER, the passing of one Bill in Committee Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. R. STRAUGHN, seconded by Hon. P. R. PHILLIPS, the Bill was read a third time, passed and cited as the Central Bank of Barbados Act, 2020.

GOVERNMENT NOTICES

(RECOMMITTED)

Hon. Ms. S. J. O. BRADSHAW: Mr. Speaker, I beg to give notice of the following:

1. Drug Abuse (Prevention and Control) (Amendment) Bill, 2020.
2. Resolution to adopt the Report of the Standing Orders Committee.

REPORTS FROM SELECT COMMITTEES

Hon. Ms. S. J. O. BRADSHAW: Mr. Speaker, I beg for the adoption of the Report of the Standing Orders Committee. This morning we would have met as the Standing Orders Committee moving in the direction to allow Members of Parliament to meet in some cases physically and virtually also. As everyone will appreciate, this has been on the table for quite some time. Basically, we have been able to come to consensus with the assistance of the Leader of the Opposition who would have weighed in as he usually does to offer his input and guidance in some cases to allow us to come to a position where we can use the available technology, particularly in this COVID-19 pandemic to alter the way in which Parliament will be able to meet going forward.

With those few words, I beg to move the passing of the Resolution and to lay the Report.

FIRST READINGS OF BILLS

Hon. Ms. S. J. O. BRADSHAW: Mr. Speaker, I beg to move that the following Bill be read a first time.

1. Drug Abuse (Prevention and Control) (Amendment) Bill, 2020.

Hon. P. R. PHILLIPS: I beg to second that, Sir.

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

GOVERNMENT BUSINESS (RECOMMITAL)

ORDER NO. 3 – RESOLUTION TO ADOPT THE REPORT OF THE STANDING ORDERS COMMITTEE

Hon. Ms. S. J. O. BRADSHAW: Mr. Speaker, I beg to move the adoption of the Report of the Standing Orders Committee which as I stated earlier would have allow Parliament to meet virtually, as well as physically in the foreseeable future in the event there are some Members who may not be able to attend because of their particular vulnerability but also to facilitate this process going forward given the uncertainty of the times we are presently facing.

It will be for the duration of the COVID-19 pandemic.

Hon. P. R. PHILLIPS: I beg to second that, Sir.

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

SUSPENSION

Hon. Ms. S. J. O. BRADSHAW: Thank you, Mr. Speaker. I beg to move the suspension of the sitting until 4.15 p.m.

Hon. P. R. PHILLIPS: I beg to second that, Sir.

The question that the House be suspended until 4.15 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

GOVERNMENT PAPERS (RECOMMITAL)

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

Hon. R. R. STRAUGHN: Mr. Speaker, I am commanded to lay the Government of Barbados Mid-year Review Report for the period April 2020 to September 2020.

STATEMENTS BY MINISTERS (RECOMMITAL)

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

Hon. R. R. STRAUGHN: Mr. Speaker, the Corporate Finance Management Act, 2019 requires that the Ministry of Finance prepare a mid-year review report to report on progress made against the fiscal framework and the annual budget. The full report on the performance of the first half of the fiscal 2020/2021 has been laid in this Parliament and is now available for all to review. This Report ought to have been laid in October but as you are aware, Mr. Speaker, 2020 has been the most extraordinary year since Independence, one that has been occasioned by total global disruption where every single human being on the planet has been impacted. Barbados has been no exception and the Covid-19 pandemic has had an adverse effect on the country's economy leading to significant declines in most of the major revenue items and increases in expenditure as Government responded affirmatively to first, develop a comprehensive pandemic response plan to manage the public health threat. Second, to provide enhance social protection to ensure that no family or household falls through the cracks. Third, to generate sufficient economic activity domestically such that as many Barbadians remain in employment and that as many businesses equally remain solvent to make it through the next 24 months.

The volatility in the economy has resulted in our revenue projections having to be closely monitored. Never before in post-Independence Barbados have Barbadians experienced such a rapid and sudden cessation of almost all economic activity and then to emerge from lockdown with more than 30 000 persons seeking unemployment benefits from the National Insurance Scheme over a period of three to four weeks. Never before, Sir, has this Honourable House met on the first day of a financial year to pass supplementary provisions but we did so this year, recognising that the Appropriation Act, 2020 passed on March 20, 2020, just 12 days earlier was no longer relevant to meet the needs of the people on April 1, 2020. One would perhaps be tempted, Sir, to believe that when the Honourable the House of Assembly was convened on that date that it was an April fool's joke given the contents of the Order Paper. This Government was simply executing what the Honourable Prime Minister indicated was required to provide the necessary resources for the initial impact of Covid-19 in Barbados. This Government met and approve the temporary increase in welfare grants by 40 per cent as well as the initial \$10 million for the adopt-a-family

programme. The aim of this initiative was to offer financial relief to 1 500 of the most vulnerable households in Barbados to support the basic survival needs including food, shelter and payments of living expenses. Each family was allocated a preload e-Check automatic teller machine (ATM) card that allow persons to access monthly assistance of \$600. During the review period, some 3 448 vulnerable families were assisted with the additional support of 603 private donations from individuals, groups and companies totalling \$3 819 866.74. On the behalf of the people of Barbados, I sincerely thank all of those who came to the rescue of these families when they were at their most vulnerable. This generosity, Sir, is simply a manifestation of who we are.

Sir, total revenue inclusive of arrears was \$1 252 000 000 at mid-year which is the end of September. This was a decrease of \$46.9 million or 3.6 per cent when compared to the budgeted amount of \$1 298.8 million and \$202.4 million, 14 per cent less than the revenue for the previous year of \$1 454.4 million. The reduction in economic activity due to the Covid-19 pandemic was indeed the major reason for the large decline in revenue. Tax revenue, which comprised of direct and indirect taxes was \$1 200.5 million for the period reflecting a decrease of \$169.9 million or 12.4 per cent when compared to the previous year and \$34.5 million, 2.8 per cent when compared to budget. Revenue from direct taxes was \$643.8 million, 53.6 per cent of tax revenue although less than the budgeted amount of \$663.1 million, direct tax revenue was \$60.8 million more than the previous year in the amount of \$583 million due to the improved performance of Corporation Taxes on a net basis.

Income Tax net and property taxes performed worse than projected and were \$32.9 million and \$13.2 million less than budgeted respectively. For the period under review, Sir, the state-owned enterprises performed poorly when compared to 2019. As many of the reforms introduced such as the Airline Travel and Development fee have suffered due to Covid-19. Although there has been a significant decrease in state-owned enterprises arrears, these still remain a concern and will continue to be closely monitored.

Expenditure. Except for grants to public institutions, all major components of Government's expenditure have increased with significant increases seen in interest grants to individuals and capital expenditure. I take this opportunity, Mr. Speaker, to speak briefly on the management of the expenditure related to the operation of the Queen Elizabeth Hospital (QEH). The increase in unemployment negatively impacted the performance of the Health Service Levy which yielded \$29.3 million during the review period a decrease of about \$4.7 million compared to the same period in 2019.

In addition, the Queen Elizabeth Hospital (QEH) undertook the responsibility for management of the isolation or quarantine facilities to isolate existing health facilities from exposure to Covid-19. This required additional resources beyond the original budget passed in the Appropriation Act, 2020. The Ministry of Finance instructed that the Ministry of Health and Wellness on the behalf of the QEH to make adjustments to their request for quality allocations via warrant in order advance part of the \$116 million in the original subvention to cover the shortfall in the Health Service Levy and the additional expenditures on Covid-19 during the period under review. In order to properly account for these Covid-19 expenditures, a separate Covid-19 subprogramme was subsequently created under the Queen Elizabeth Hospital (QEH).

Debt Stock and Debt Service. Public debt outstanding at September 30, 2020 stood at approximately \$12 481.3 million, approximately 131 per cent of GDP. This is comprised of external debt of \$3 401.5 million, domestic debt of \$8 944 300 000, external guarantee debt of \$54.9 million and central Government arrears of \$80.5 million.

At September 30th the outstanding debt was under the International Monetary Fund ceiling on public debt of \$13 308 000 000 by approximately \$826.7 million. It should be noted that during the first half of the financial year the restructuring of Government's debt was concluded with the restructuring of the Prison facility.

Government also received additional budget support of approximately \$181 million from the International Monetary Fund as part of its support under the Extended Fund Facility Programme.

On the domestic side, the issuance of Barbados Optional Savings Scheme Bonds commenced in July 2020 to ostensibly provide workers with a mechanism for savings while affording the Government of Barbados funds for capital works projects. During the period under review some \$14 million in Bonds were issued to eligible public servants with \$3.8 million being held at the end of September by public servants and the remainder sold on the secondary market. Sir, \$2.9 million were bought by pensioners, \$2.5 million by pension schemes, \$2.4 million by individuals and the remainder by a number of other institutional investors.

Additionally, Series F Bonds totaling \$8.4 million were issued in respect of the settlement of tax arrears and legal fees which predated September 2018. Approximately \$502 300 in Bonds were liquidated for Bond holders facing predominately serious health challenges.

Finally, as agreed during the domestic debt restructuring the last overdraft facility totaling \$2.5 million previously held by the Caribbean Broadcasting Corporation was converted to a term loan to be serviced by the Government.

At September 30, 2020 the actual expenditure on debt service amounted to approximately \$373.7 million compared to the approved Estimates of \$444.3 million for the period April to September 2020, a difference of \$75.6 million. Approximately \$32.3 million of this was attributed to the redemption of Savings Bonds which have matured but have not yet been presented for settlement, approximately \$14.6 million due in respect of the External Sinking Fund contributions. Slow projected disbursements and low interest rates during the period compared to the original projection accounted mainly for the remainder.

A review of the other financing matters indicates that Government's total arrears of \$81 million were substantially less than in 2019 when they were \$180 million. These arrears at September 30, 2020 were also substantially below the performance criteria target of \$145 million. Based on the performance at September 30, 2020 where revenue earned was \$1 252 000 000 and expenditure was \$1 267 700 000 and projections for revenue of \$1 220 800 000 and expenditures of \$1 531 400 000 for the remainder of the financial year, Government is aiming to achieve a primary balance of minus \$42.1 million or 0.5 per cent of Gross Domestic Product at March 31, 2021.

I am obliged to you, Sir.

GOVERNMENT BUSINESS (REVERTED)

Mr. SPEAKER: The Honourable Member for St. Michael South East.

ADJOURNMENT

Hon. Miss S. J. O. BRADSHAW: Thank you, Mr. Speaker. With that we have come to the end of today's Sitting and I beg to move that this House do now adjourn until Tuesday, December 08, 2020 at 10.00 a.m. in the morning.

Hon. Miss C. Y. Forde: I beg to second that, Sir.

The question that the House do now adjourn until Tuesday, December 08, 2020 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

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CADDLE, Hon. Miss M. K-A.
CHAIR, Madam
Duguid, Hon. W.F.
FORDE, Hon. Miss C. Y.
JORDAN, Hon. C. E.
PHILLIPS, Hon. P. R.
STRAUGHN, Hon. R. R.

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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. Opening. The convening sentence reads ‘on Tuesday the December 01, 2020’. Printed as in the source.

Q3. Committee, Central Bank of Barbados Bill, 2020. The Committee record calls Parts 1 to 10 (Clauses 1 to 68) and the Schedule. Part XI (Miscellaneous) of the Bill, which Hon. Miss M. K-A. Caddle read out, and Section 77 (transitional provisions), to which Hon. R. R. Straughn referred, are not recorded as called. Printed as in the source.

Q4. Committee and third reading, seconder. The seconder of the report and of the third reading is given as ‘Hon. P. R. PHILIPS’; elsewhere ‘Hon. P. R. PHILLIPS’. The Chairman of Committees appears as ‘Dr. S. E. BROWN’. Printed as in the source.

Q5. Statements by Ministers, Mid-year Review. Hon. R. R. Straughn gives debt service of approximately \$373.7 million against approved Estimates of \$444.3 million, ‘a difference of \$75.6 million’; the difference between those figures is \$70.6 million. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at the Worthing Corporate Centre on Tuesday, 1st December, 2020; the Speaker, His Honour A. E. Holder, took the Chair at 10.15 a.m., and prayers were taken by Rev. Father Mark Harewood. The Minutes of 17th November, 2020 were confirmed. The Leader of Government Business, Hon. Miss S. J. O. Bradshaw, moved the first reading of the Central Bank of Barbados Bill dated 19th November, 2020 in place of the version of which notice was given on 16th November, which was withdrawn, and Standing Orders were suspended.

Hon. R. R. Straughn, Member for Christ Church East Central, moved the second reading of the Central Bank of Barbados Bill, 2020, which repeals and replaces the existing Act. He recalled being interviewed for a post at the Bank twenty years earlier, described the Bank as the economy’s ‘goalkeeper’, and explained the new Executive

Committee of the Governor and two Deputy Governors. The Bill prohibits direct or indirect financing of the Government, subject to temporary advances and to purchases of securities when a public emergency is declared, and builds on the Government’s reduction of ways and means from 10 per cent to 7.5 per cent in 2018 and its cap of 10 per cent on securities held. Hon. Miss M. K-A. Caddle seconded.

The Leader of the Opposition, Bishop J. J. S. Atherley, Member for St. Michael West, said much of the presentation was philosophy. He questioned the Minister’s power under Section 63 to issue orders on macroeconomic policy, the six-year tenure of the Governor and the role of the Governor-General in removal, and the interests of depositors. He argued that excess liquidity in the banking system reflected a lack of growth and a stall in wages, and suggested that low deposit rates made Government paper more attractive; Hon. R. R. Straughn rose on a point of order to explain that the Central Bank served as the clearing house for public servants selling bonds on the secondary market. The Sitting was suspended until 2.00 p.m.

After lunch Hon. Miss M. K-A. Caddle, Member for St. Michael South Central, explained the division between fiscal policy and monetary policy and read the Bill’s primary objective of maintaining the value of the currency and its secondary objective of promoting financial stability, with the Bank’s functions. Hon. C. E. Jordan welcomed the reference to international financial reporting standards and spoke of the importance of order. In reply Hon. R. R. Straughn said a Financial Services Tribunal would deal with complaints about how financial institutions treat clients, and that the Government had not issued any bond to the open market since 1st October, 2018, so the charge that it kept interest rates low to sell debt was unfounded. The Bill passed through Committee, Dr. S. E. Browne in the Chair, and was read a third time and cited as the Central Bank of Barbados Act, 2020.

Hon. Miss S. J. O. Bradshaw gave notice of, and had read a first time, the Drug Abuse (Prevention and Control) (Amendment) Bill, 2020, and moved the adoption of the Report of the Standing Orders Committee, which allows Parliament to meet physically and virtually for the duration of the COVID-19 pandemic; the Resolution was agreed to. After a suspension until 4.15 p.m., Hon. R. R. Straughn laid the Government of Barbados Mid-year Review Report for April to September 2020 and made a statement: total revenue was \$1 252 000 000, \$46.9 million or 3.6 per cent below budget; and arrears of \$81 million compared with \$180 million in 2019 and a target of \$145 million.

On the motion of Hon. Miss S. J. O. Bradshaw,
seconded by Hon. Miss C. Y. Forde, the House was
adjourned until Tuesday, 8th December, 2020 at 10.00 a.m.