



MINUTES OF PROCEEDINGS

OF

The Honourable the House of Assembly

At a meeting of the House of Assembly at the Parliament Buildings on Tuesday, the 16th day of December, 2014, pursuant to the adjournment.

PRESENT

- His Honour M. A. Carrington, Q.C., B.A., LL.B. (*Speaker*)
Her Honour Mrs. M-J. M. Thompson, B.A., M.Sc. (Ph. Ed.) (*Deputy Speaker*)
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| Rt. Hon. O. S. Arthur, M.Sc. (Econ.) | Hon. S. D. Blackett (<i>Minister of Social Care, Constituency Empowerment and Community Development</i>) |
| Mr. G. W. Payne, Q.C. | |
| Mr. G. A. Clarke, J.P., B.Sc., Dip. Ed. | Mr. J. D. Paul, B.Sc. (<i>Chairman of Committees</i>) |
| Mr. R. St. C. Toppin, LL.B. (Hons.) | Dr. the Hon. D. S. Lowe, Dip. Theology, B.A., M.Ed., Ed.D. (<i>Minister of Environment and Drainage</i>) |
| Hon. D. St. E. Kellman (<i>Minister of Housing, Lands and Rural Development</i>) | Hon. A. D. Brathwaite, Q.C., LL.B. (Hons.) (<i>Attorney General and Minister of Home Affairs</i>) |
| Hon. Miss M. A. Mottley, Q.C., LL.B. (<i>Leader of the Opposition</i>) | Hon. S. A. Lashley, B.Sc., LL.B. (Hons.), L.E.C. (<i>Minister of Culture, Sports and Youth</i>) |
| Miss C. Y. Forde, J.P., L.C.P. | Hon. C. P. Sinckler, B.A., M.Sc. (<i>Minister of Finance and Economic Affairs</i>) |
| Hon. R. D. Jones, B.A. (Hons.), M.A. Ed., J.P. (<i>Minister of Education, Science, Technology and Innovation</i>) | Mr. T. A. Prescod, B.A. |
| Mr. D. D. Marshall, Q.C., LL.B. (Hons.), L.E.C. | Lt. Col. J. D. Bostic, MVO, B.A. (Hons.) |
| Hon. M. A. Lashley, LL.B. (Hons.) (<i>Minister of Transport and Works</i>) | Mr. E. G. Hinkson, LL.B. (Hons.), L.E.C., LL.M. |
| Hon. R. L. Sealy, B.Sc., M.B.A. (<i>Minister of Tourism and International Transport</i>) | Dr. M. M. Agard, J.P., B.Sc., M.Sc., D.D.S. |
| Rt. Hon. F. J. Stuart, Q.C., B.A., LL.M. (<i>Prime Minister, Minister of National Security, The Public Service and Urban Development</i>) | Mr. D. G. Sutherland, B.Sc., M.Sc., M.B.A. (Dist.) |
| Hon. J. D. E. Boyce, M.Sc., C. Eng. (<i>Minister of Health</i>) (<i>Leader of the House</i>) | and
Miss S. J. O. Bradshaw, LL.B. (Hons.) |

ABSENT

Dr. the Hon. D. C. Estwick, B.Sc., M.B., B.S. (*Minister of Agriculture, Food, Fisheries and Water Resource Management*), Hon. D. O'N. Inniss, B.Sc., M.B.A. (*Minister of Industry, International Business, Commerce and Small Business Development*), Mr. K. D. Symmonds, B.A., LL.B.

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

Prayers were taken by Rev. Canon Ivan Harewood.

MINUTES

The Minutes of the meeting of Friday, 28th November, 2014 were taken as read and were confirmed on the motion of Hon. J. D. E. Boyce seconded by Hon. R. D. Jones.

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

Mr. Speaker informed the House of the retirement of Reverend Canon Ivan Harewood, Chaplain of the House of Assembly after 28 years of service.

Hon. J. D. E. Boyce spoke, it being the will of the House.

Hon. Miss M. A. Mottley spoke.

The Speaker spoke.

PAPERS

By command Hon. R. L. Sealy laid the Barbados Port Authority (Tariff Book of Dues and Charges) (Amendment) Regulations, 2014.

FIRST READINGS OF BILLS

Hon. R. L. Sealy seconded by Hon. J. D. E. Boyce moved the Second Reading of the Barbados Port Inc. (Transfer of Management and Vesting of Assets) (Amendment) Bill, 2014.

STATEMENTS BY MINISTER

Hon. C. P. Sinckler delivered the following Statement.

**Ministerial Statement on the Economy Delivered to the House of Assembly
by The Hon. Christopher P. Sinckler Minister of Finance and
Economic Affairs**

Mr. Speaker Sir, precisely sixteen months ago we called on all Barbadians to sacrifice in order that we can reap the benefits of necessary stabilization and adjustment in the economy. Today I can say to the country that, based on actual performance and projections for the immediate future, we have not labored in vain: Barbados is on a growth path once again! Our foreign exchange reserves have stabilized, our fiscal deficit is on a downward trajectory and economic growth is returning. By any objective standard the programme is working!

Sir, some weeks ago during a national press conference to report on the Barbados economy I hinted that government would shortly initiate the process that would lead to the presentation of the Financial Statement and Budgetary Proposals for 2014. Though I had not specified a date, it was my initial intention to complete this presentation during December.

Indeed in preparation for this, my Ministry began the process of system-wide consultations with public and private sector agencies. On the whole, and with only a very few exceptions, we were able to complete those preliminary consultations on a variety of issues not only affecting our economy but also geared towards assisting the country in further enhancing our efforts at fiscal consolidation, economic reform and the resumption of growth.

Following this first round of consultations with our partners and a complete analysis of the existing situation in our 19-month stabilisation programme, the Cabinet has accepted the advice of the Ministry of Finance to defer the presentation of the Budget after the end of the programme in March, 2015.

This decision will allow the Ministry and its strategic agencies and partners to more properly consult on key policy initiatives that will impact on critical aspects of our economic, financial and social care sectors and our efforts for fiscal consolidation and growth.

This will be particularly necessary in carrying out the appropriate level of impact analyses of required reforms in our tax policy, investment grid, and social services financing models. These are all critical aspects of our socio-economic system and must of necessity be accorded such a generous enough examination as presenting the Budget statement this month would not allow.

Equally as well Sir, the decision to defer the presentation will afford the government the opportunity to initiate and complete a comprehensive review of the current programme to cover the final months of the exercise so as to allow for any critical adjustments going forward.

In light of the fact that this decision has been taken, I have been authorized by the Cabinet of Barbados to present this official Ministerial Statement updating on the current status of our programme, including some more recent economic figures, the road map towards achieving our fiscal targets for end of fiscal 2014-15 and beyond, and existing prospects for economic growth and reform in 2015.

Fiscal Adjustment Programme

In this regard Mr. Speaker, I am pleased to report to you that the fiscal consolidation programme has been effective in restoring balance to the foreign exchange market and securing the value of the Barbados dollar. The normal pattern of changes in foreign exchange reserves has been restored, and reserves are currently equivalent to 14 weeks of import cover. We now have to stay the course with the fiscal consolidation programme and do what is necessary to protect the gains we have made over the last sixteen months.

In terms of the fiscal deficit we set ourselves the ambitious target of reducing the fiscal deficit to 6.6 % of GDP by the end of the current fiscal year, March 31, 2015, as we move towards more sustainable deficits of 3% or less of GDP in any fiscal year. This constituted a targeted reduction of 6% of GDP or a fifty percent reduction in one fiscal year. I want to report that, on the basis of actual information up to the end of November, the expenditure targets set out in the fiscal consolidation programme have largely been achieved and that aspect of the programme is on track. The government is on track to record savings of \$68.5M from reductions in salaries and wages and savings of \$229M from reductions in transfers and subsidies. The expenditure reductions are now projected to generate total savings of \$290.8M, or approximately 3.4% of GDP, over half of the proposed fiscal adjustment. The new revenue measures (Consolidation Tax, Municipal Solid Waste Tax and Bank Assets Tax) are now projected to yield \$91.2M or 1.07% of GDP, and a special dividend from the sale of BNTCL another \$70M or 0.82% of GDP.

Therefore, the fiscal adjustment measures currently in place are now projected to yield a reduction of \$452M in the deficit or a reduction of 5.32% of GDP. Containing supplementaries to state institutions to a maximum of 1% of GDP (instead of the 4.2% of GDP recorded last year) is absolutely critical if our projections are to be met. Given the critical work and special monitoring of both the up-scaled Management Accounting Unit in the Ministry of Finance and the special Oversight Committee on State Owned Enterprises, working with agencies to control their expenditure programmes, we are confident those targets will be met in 2014.

The successful execution of such a major fiscal adjustment programme, and moving from a primary deficit from -5.6% of GDP in 2013/2014 to a primary surplus of 0.2 % of GDP in a single financial year is by any measure a major achievement for the country, and greater than that achieved in a number of IMF programmes. We therefore need to continue to be resolute and finish the job of stabilizing the public finances in 2014 and moving to effect a further reduction in the 2015/2016 financial year below 5% of GDP.

In light of the above and after careful consideration we have made the following decisions:

1. We have decided to delay the introduction of any major new tax reform measures until the Budget scheduled for 2015. While the IMF tax study has provided a comprehensive basis for reviewing our tax system, we are not satisfied that the necessary impact analyses of any proposed adjustment to the structure of our tax system on our key growth sectors and vulnerable groups in our society are complete. The economy is showing its strongest signs of recovery since 2009, and we want to exercise an abundance of care in introducing new measures that may derail a return to sustainable growth.
2. In light of this, and together with the discipline which we intend to place on supplementary budget allocations, we have determined that additional smaller expenditure cuts across the board, and more efficient targeted collection of existing taxes to effect gains of \$32.8 million will be sufficient to get us close to our deficit reduction target.
3. As a compliment to (2) above, and in order to assist the Barbados Revenue Authority in its tax administration and collection efforts we have also decided to offer a short-term amnesty to all taxpayers across all tax categories on the interest and penalty accrued on taxes owed at December 31, 2014. Access to this facility will be on the basis that the taxpayers pays their total outstanding principal owed to the BRA on or before March 15, 2015.
4. It means that with no additional tax impositions in the current fiscal year a new revised deficit target of between 6.8% and 7.2% of GDP, instead of the original 6.6% of GDP is more realistic and likely. We are nonetheless therefore on course to effect a reduction in the fiscal deficit by between 5.3% or 5.6% of GDP for 2014-15.
5. Against this background, we have decided to extend the existing revenue measures that formed part of the 19-month programme for another financial year, or until April 2016. In its overall tax reform programme, however, the Government will be revisiting and reviewing the Municipal Solid Waste Tax with a view to determining whether its continued existence in its present form is justified.
6. We have decided to introduce a Fiscal Responsibility Law into the governance of public finances in Barbados from fiscal year 2015. Barbados has undergone a number of fiscal adjustments in its near fifty-year history as an independent nation. These adjustments have often been related to external shocks such as in 1981, 1991 and the current period of adjustment. It is our view that the time has come to put in place a framework for the management of the public finances that seeks to minimize the severity of this cycle of shock, adjustment, slippage, shock and then adjustment. As such we propose to implement a Fiscal Responsibility Law in Barbados to

provide a comprehensive framework and a set of rules for the management of public finances in Barbados. The proposed framework will include a set of Fiscal Rules and a Fiscal Council to strengthen and complement the Medium-term Budgetary Framework already in place. The major objectives underlying the Fiscal Responsibility Framework are:

- To ensure that Barbados retains adequate fiscal space to be able to provide needed protections to the most vulnerable in our society without compromising the public finances;
- To ensure a sustainable level of public debt that can be comfortably serviced, and does not constrain other beneficial public expenditures;
- To ensure that during periods of relatively high revenues, public expenditures are contained to provide fiscal space for the proverbial rainy days;
- To ensure that the country retains adequate fiscal space to undertake targeted and strategic interventions to facilitate national development;
- To promote transparency in the management of the nation's public finances.

Further details on this new policy will be disclosed in the Budget statement which will be delivered in April 2015.

Reforming of State Owned Enterprises:

Mr. Speaker as was indicated from as early as last year a critical element of our medium-term fiscal consolidation and economic reform programme was government's intention to build better operational synergies and efficiencies in the functions of a number of key government statutory entities. This is being undertaken not only to assist in cutting government's overall expenditure but building operational platforms to allow for higher quality service delivery to the public at less cost.

To this extent, I am in a position to advise this House and the country as a whole that following careful examination, the Cabinet has approved the reform of the functions of a network of State Owned Enterprises. In addition to the overall goals I have just outlined, the principal mandate of the team that will be assigned to execute these initiatives will be to ensure that, while operational synergies are attained, the core functions of the affected agencies will be maintained so as to ensure that the critical services they deliver to the public are not dissipated.

Agencies to be affected in this first round of rationalization of core functions will be as follows: In Cluster 1, the Urban and Rural Development Commissions and the NHC; Cluster 2, The National Sports Council, Gymnasium and KOMI;

Cluster 3, BTII and Needhams Point Development Inc.; and Cluster 4, Needhams Point Management Inc. and Hotel and Resorts Ltd (GEMS).

Permit me to indicate Sir that in relation to this initiative there will be full consultation with the Social Partners, particularly the workers' representatives, so as to ensure that we have an orderly implementation of the process. Equally, I feel obliged to make it clear that while, with the passage of time, there will be some level of attrition as is to be expected, contrary to recent media reports, there will be no widespread or mass retrenchment of workers in these organisations.

In addition to these, as would have been indicated by the various Ministers through a series of policy statements, government has also decided to work more closely with the private sector in forging strategic partnerships to assist in the delivery of particular social and economic services to the public.

Some of these, such as the Adopt-A-Km programme on the ABC Highway, route rationalization and sharing in public transport, and the placing of the national oil terminal operations back into private hands where they were until 2004, have already started or are in an advanced stage of finalization.

In the coming months it is government's hope to examine the possibilities for similar public-private collaboration in government's operations in tourism services (Caves of Barbados) and in International Transport (Auxiliary services).

Funding Models for Key Social Services:

One area of special bother to government and a source of periodic disquiet to the country as a whole is that of public financing of critical social care services such as education, health care and environmental protection, enhancement and management. It is now an indisputable reality that the costs of providing these services have risen so dramatically as a consequence of increased demand, technological sophistication and other market forces that our current financing in the public sector is proving to be inadequate.

It is therefore becoming critical that the country as a whole engage in a national discourse that would lead us in a direction to make specific decisions as to a new, more sustainable funding model for those critical services which together as a people we know we must deliver.

This discourse however must take place in an orderly, realistic and strategic fashion and not just be a knee-jerk reaction to the occasional cash and other shortages which from time to time have affected some of our social agencies.

Government sees these situations as an opportunity for planning rather than panic, and as such will lead from in front early in the New Year, in putting forward, and receiving from wider civil society, proposals on how we go forward with this critical process.

Restructuring the Economy and Returning to a Growth Path

Mr. Speaker, while we are pleased with the progress of the fiscal adjustment programme, as stated clearly in the August 2013 Budget, the government does not believe that we can cut or tax our way to stability and growth. As I said then, and I repeat now, the return of growth to the economy is crucial if new job opportunities are to be provided for our citizens. Therefore we are pressing ahead with the Barbados economic growth strategy presented in the Barbados Growth and Development Strategy 2013-20 which provides a clear road map for a sustainable recovery. We believe that the ultimate solution to our fiscal challenges is a return to sustainable growth.

In this regard we are encouraged that the disciplined and strategic interventions of government have begun to bear fruit in several parts of our economy. Indeed when we consider the fact that we began this year with some predictions that our economy would decline by at least -1%, we feel a little more assured that recovery is around the corner with a now expected performance of between 0 and 0.3% in 2014 and a projected outturn in growth of 1.5 to 2% in 2015.

This stabilization and move towards some green shoots of economic growth in 2015 will be led primarily by the tourism and hospitality sector which has seemingly begun to turn around after some very difficult years. At the end of November 2014, arrivals from the UK had increased 9.1% over the same period last year. This is extremely important because the UK is the market which has always recorded the highest expenditure per tourist.

Airlift from the US and Canada will increase by 9 percent and 23 percent respectively, for this winter season. Importantly, the period October 1 to November 29 2014, saw a stabilization of arrivals from the USA (up 0.1%) and Canada (up 0.7%) after a series of declines. Total long stay arrivals for the period October 1 to November 29 were up 5.0% over the same period last year, with a 14.3% increase in arrivals from the UK, a 20.5% increase in arrivals from Germany and 11.9% increase in arrivals from the rest of Europe and 115.1% increase in arrivals from Brazil.

The experience of October to November and current bookings all point to a major rebound in tourist arrivals. Tourism value-added is estimated to have increased 0.6 percent so far for the year, and is forecast to grow 3.6% in 2015.

These early results, plus others anticipated, are a direct consequence of this government's decisions to change the investment matrix in tourism through the granting of the so-called "Sandals concessions" which can now in large part be accessed by the entire industry, to complement our already aggressive efforts at increasing airlift into the country. These, together with strategic interventions in the second home market with the very attractive but sensible policy on high-net worth individuals investing in Barbados, have driven a major renewed interest in the upper end of the foreign direct investment market in the country.

Multi-million dollar private sector investments are now being executed or will unfold throughout 2015 by Sandals, (Casuarina and the Beaches at Almond); a new Hyatt Hotel in Bridgetown; and a new multi-faceted family resort at Sam Lord's to be managed by the world renowned Wyndham properties. The remodeling and reintroduction of both the Sandy Beach and Amaryllis properties to the local tourism market will complement work on a complete rebuild of the old Settlers Beach Hotel into a new up-market villa hospitality establishment; together with the early 2015 start of the much anticipated Beachlands villa project; the recently announced exclusive high-end residences project at the Crane and the multi-million dollar Kings Beach Villa project which has already started.

Between these projects and the others to come, Barbados' economy is expected to receive a much needed boost of new FDI of over 1.5 billion Barbados dollars over the next two years or so. This will no doubt create major economic activity including job creation, spending during construction and increased tourism value added once the projects are completed.

The great thing about all of this investment is that it is occurring within the foreign exchange earning sectors and, with the exception of the Sam Lord's project, these are all private sector developments.

This together with our continued push in building our international business and financial services platform to protect and grow this vital sector, along with the very exciting expansion in alternative energy production and consumption, augur extremely well for further growth and diversification of our economy going forward.

Equally, I am informed by the Ministry responsible for Energy that after careful legislative policy interventions and subsequent negotiations, Barbados has initialed an exploration license with the international oil exploration giant BHP Billiton to begin the search for oil and gas off-shore. These prospects look exceedingly promising. The Rt. Honourable Prime Minister in his capacity as Minister of Energy will make a public announcement shortly on this matter as he and the principals of the said company sign the formal documents at a public event.

With the new strategic off-shore oil exploration policy framework in place it is expected that within the coming months other similar licenses will be signed following the appropriate tendering process.

Mr. Speaker as you will see, compared to where we were this time a year ago, this government's strategy of stabilizing the foreign exchange reserves, consolidating our public finances, reforming the public services and building strong medium-term economic growth that is sustainable, diversified, and led by our foreign exchange sectors, is bearing the results we expected.

2015 promises very exciting and real possibilities for a turnaround in our social and economic fortunes. However we must stay the course with our programme and complete the job of repairing, reforming and resuscitating our economy. We are not yet out of the woods.

Yes, this process has not been easy or painless and much discomfort has accompanied some of the tough decisions we have had to make. Government is not unmindful of this reality and promises to work even harder to bring much-needed relief to those who have been affected hardest by these policies.

As we move into our much anticipated holiday season, reflect on the year past and look towards the new year we can do so with a quiet sense of assurance that while we continue to face stiff challenges like most other countries around us, our rock solid determination and hard work to turn this country around will be successful. God is still on the people's side and we have no doubts or fears.

With God's continued guidance and help, a much brighter future awaits us in 2015 and beyond in the Barbados that we have envisioned, that it, a Barbados that is socially balanced, economically viable, environmentally sound and characterized by good governance. Blessed is the Nation whose God is the Lord! God bless us all!

ORDERS OF THE DAY
SUSPENSION OF STANDING ORDERS

Hon. J. D. E. Boyce moved seconded by Hon. A. D. Brathwaite the suspension of Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 for the remainder of the day's Sitting.

GOVERNMENT BUSINESS

Mr. Speaker vacated the Chair in favour of the Deputy Speaker.

ORDER NO. 6

Hon. D. St. E. Kellman spoke on the following Resolution:-

RESOLVED that Parliament in accordance with section 5 of the *Crown Lands (Vesting and Disposal) Act*, Cap. 225 approve the lease to the Barbados Agricultural Management Company Limited of the parcel of land, together with the buildings thereon, the property of the Crown situate at Groves Plantation, Groves in the parish of Saint George in this Island, more particularly described in the *First Schedule* hereto on the terms and conditions set out in the *Second Schedule* hereto to provide accommodation for the Agronomy Research and Variety Testing Unit.

FIRST SCHEDULE

ALL THAT LAND situate at Groves in the parish of Saint George in this Island being Lot G containing by admeasurement 6,617 square metres or thereabouts Abutting and Bounding on lands now or formerly of the Groves Agricultural Station on Lot A, also being lands now or formerly of the Groves Agricultural Station, on other lands now or formerly of the Groves Agricultural Station and on a road leading to a public road which leads to Highway 3B in one direction and to Market Hill in the other direction or however else the same may abut and bound as shown and delineated on a Plan certified on the 26th day of June, 1996 by Andrew P. Weekes, Land Surveyor and recorded in the Lands and Surveys Department on the 2nd day of August, 1996 as Plan No. 636/96.

SECOND SCHEDULE**TERMS AND CONDITIONS**

1. The lease shall be for a period of fifteen (15) years with an option to renew for a further term.
2. The initial rent shall be at a rate at \$1 000.00 per annum, and shall be subject to review at the end of every five (5) year period within the term.
3. The lessee shall be responsible for the payment of insurance premiums, repairs and maintenance of the buildings, the payment of land taxes, utilities and other outgoings arising out of the use of the property.
4. The lessee shall bear the cost of the development of the site and shall comply with the Town and Country Planning requirements and other statutory requirements.

and moved seconded by Hon. A. D. Brathwaite that the Resolution be approved.

Mr. G. A. Clarke began to speak.

Hon. D. St. E. Kellman spoke on a point of order.

Mr. G. A. Clarke resumed his speech.

Hon. D. St. E. Kellman spoke on a point of order.

Mr. G. A. Clarke resumed his speech.

Madam Deputy Speaker spoke.

Mr. G. A. Clarke concluded his speech.

Mr. Speaker resumed the Chair.

Mr. J. D. Paul spoke.
Hon. D. St. E. Kellman began his reply.
Mr. G. A. Clarke spoke on a point of elucidation.
Hon. D. St. E. Kellman concluded his reply.
The Resolution was passed.

ADJOURNMENT

Hon. J. D. E. Boyce spoke and moved seconded by Mr. G. A. Clarke that the House be adjourned to Tuesday, 13th January, 2015 at 10.00 a.m.
Mr. G. A. Clarke spoke.
Mr. Speaker spoke.
The motion was passed.
At 12.45 p.m. Mr. Speaker adjourned the Sitting.

N. R. JONES
Deputy Clerk of Parliament.

The Minutes were certified correct and confirmed the _____ day of _____, 2014.

Speaker.

HOUSE OF ASSEMBLY
PARLIAMENT BUILDINGS
BRIDGETOWN.

HOUSE OF ASSEMBLY

FIRST SESSION OF 2013 – 2018

MINUTES

Tuesday, 16th December, 2014.

Government Printing Department.