



GOVERNMENT OF BARBADOS

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Prime Minister
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Budgetary Proposal and Financial Statement 2018

“ALL ABOARD”

June 11, 2018

Budgetary Proposal and Financial Statement 2018

ALL ABOARD - For Love of Country

Mr. Speaker Sir,

I stand before you....18 days since the good people of Barbados went to the polls and elected my party, the Barbados Labour Party, to office, with an overwhelming, indeed, an unprecedented mandate.

This mandate, Mr. Speaker, was to stop the hemorrhaging and decay, and return our beloved nation to a status of pride and enjoyment by residents and to the admiration of friends and nations, near and far.

18 days after a 30 - nil victory, Mr. Speaker, I would much have preferred to be still celebrating. To be out thanking the good people of Barbados for the tremendous confidence they have reposed in me and the government that I have the honour to lead.

But nothing discourages this more, than the first two paragraphs of the just released report of visiting experts from the International Monetary Fund:

“Barbados is in a precarious economic situation. International reserves have dwindled to US\$220 million, while central government debt is unsustainable. The fiscal deficit has decreased over the last few years but remains large, at about 4 percent of GDP in the financial year 2017/18. Meanwhile, the Central Bank of Barbados

(CBB) is reporting a contraction of output of 0.7 percent in the first quarter of 2018 over the same period last year.

The Barbadian authorities, in close consultation with their social partners, are rapidly developing a plan to address current economic vulnerabilities. We welcome the government's plans to urgently address infrastructure problems, and its goal of seeking to support the most vulnerable during the economic adjustment process."

I know, Mr. Speaker, we have just emerged from a gruelling campaign in which all manner of things were said and from which the people of Barbados could be forgiven, were they to assume that a change of government, passage of time and a few cosmetic changes would together be the panacea to our nation's problems.

A change of government was needed, Sir, but that, in and of itself, will not be enough to bring us back from the precipice.

Irrespective of the outcome of the Elections, it was clear to the Barbadian electorate, Sir, that urgent action would be needed the very morning after. The people's vote was not therefore about determining whether hard decisions had to be made; it was about determining, in their own wisdom, who was best qualified, most able and most trusted to make those decisions in their name. That question was answered by the emphatic expression of the will of the people. My Government, Sir, is humbled by the overwhelming vote of confidence, and acutely conscious at the same

time of the solemn obligation that has been placed upon us to bring Barbados back from the brink.

I pledged then, as I do now, that the first task of a new Barbados Labour Party Administration would be to halt the decline and decay of the last ten years, to restore confidence and hope, and to set clear guidelines and timelines for finding and applying solutions to our most critical challenges. I gave my word that a Barbados Labour Party Government under my leadership would respond courageously to the social and economic crises now facing the country, and that we would make the tough choices between what is essential, what is highly desirable and what is optional. And I said, Sir, that at all relevant stages of the process we would keep the Parliament and the people of Barbados fully informed.

Mr. Speaker Sir,

In prioritizing that which is absolutely essential, the immediate task of my Government has been to confront, head on, the dire economic circumstances we have inherited. Our consultations with the Social Partnership and with the International Monetary Fund have already been the subject of brief public statements. So too has been our engagement of our advisors for our debt restructuring. Today, Sir, I bring before the Parliament and the people of Barbados a fuller assessment of what we have found, the course of action we have agreed upon and the budgetary measures that will be required in the first phase of our Economic Recovery and Transformation Plan.

Mr Speaker Sir,

Let us be clear. Barbadians may not all understand the intricacies of macro-economics but their astute, common-sense observation of everyday realities tells me that they already know that something far-reaching is now called for. As I move around this country, that is what they are telling me - from all walks of life, Mr. Speaker. And if they were not yet quite convinced of this before, when they heard the IMF chief of mission whom I just quoted speak, they would be left in no doubt as to the need for immediate action.

And thus, today, the 11th day of June, 2018, I am here to say to our nation, Mr. Speaker, that Barbados no longer has the luxury of time. Dithering, procrastination and indecision are relics of a calamitous past that has brought us to the verge of economic collapse. The country cannot afford to wait another day. The economic medicine we must now prescribe is more bitter than it would have been, had its application not been so negligently, callously and I am almost tempted to say criminally delayed. Instead we got 8 botched plans, 23 credit downgrades, and a horrendous accumulation of arrears owed by the Government of Barbados. The medicine, Sir, is now overdue. Failure to act would replace a calamitous situation to which I just referred with a catastrophe. I say Sir, it is vital that we act.

If we are to save our way of life, the Barbadian way, if we are to save the value of our dollar, Mr. Speaker, action therefore is both immediate and urgent.

So Sir, our nation stands on the brink of the biggest battle it has had to face in our 52 years. And as I said, shy away from this battle now, our debt will devour us.

Today, servicing our debt consumes more money than the entire central Government's wage bill. I want to repeat myself. Servicing Barbados' debt, our interest bill, consumes more than the entire central Government's wages bill. It consumes, if I were to use a different measurement, more than we spend on education and health care across the entire nation. We spend almost \$800 million in interest alone on our debt. It is a tight chain strangling our throat and has been so for a while. It is the one reason why the previous government stood idly by as our roads sunk below sewage.

Unsustainable debt traps you into an eternal descent, with no room to move, unable to grasp any opportunities to go forward or to modernize our nation. With no prospect of progress our young people will leave, Sir, for greener pastures, our entrepreneurs will find no platform for their ideas, and our businessmen will show no appetite for expansion or new investment. Indeed, Sir, that has more or less appropriately captured our reality in the last few years. Our economy and our country will fossilize under debt.

Unless we get it down to sustainable levels it will grow and grow, and consume more and more of our budget, leaving no space for anything else, like a vine that wants to strangle out every other living thing. With each passing year, Sir, we will lose more and more of those vital, cherished aspects like our education, health, our public beaches, our peace and

security. Indeed the downward slide, as I said, has already started. The previous Government tried to hide it with the accumulation of arrears and brave talk, but they could not fool Barbadians. In good old Bajan parlance, Sir, “you can hide and buy land but you can’t hide and work it”. The truth, Sir, will always come out.

Mr. Speaker Sir,

Government must always be an instrument of development for our people and our country. For too much of our colonial history, this Parliament and Government in this country were instruments of oppression for our people. The promise of independence for us all was for us to have a government that would become an instrument of development, that would provide fair and ample opportunities for all Bajans to prosper and to grow to the best of their natural capabilities, and to create, as one, a decent quality of life for our people, every single Barbadian. The cruellest irony is that it was the last Democratic Labour Party Administration that robbed us of the promise of independence. Imagine that, Sir. It is the cruellest irony of all.

I say to you Sir that once we see off this battle, Barbadians will be able, believe you me, to invest in our future once more. We will be able to take control of our fate, to make Barbados the best place to live, work, and enjoy life - in a country that is Green, Climate Resilient, that aims to be Fossil-free; a smart, technological nation, a digital nation, a culturally rich and diverse nation. A country that allows us, Sir, to be whatever we want to be. And Mr. Speaker, we will do that, while seeking to build a cohesive, sustainable nation built on the principles of equal access to social justice and economic opportunity.

But to do so, Sir, we first need to fight to regain control of our fate.

And this battle to save our dollar, as I said earlier, is a battle to defend also our choice of free education for all, to preserve our choice of accessible health care for all, to preserve a social compact that we feel strongly about as Barbadians. It is a battle to ensure our schools are vibrant and safe; that guns and lawlessness do not hijack our streets. Mr. Speaker, it is a battle to protect our very way of life, our passion for social justice, it is a battle, Sir, over the essence of what is Barbados and who are we as Barbadians.

It is against this background, Sir, that I am indeed humbled that we recognise that what we are fighting for is our economic independence, which the last administration put at risk. And I say to you that this is no less a battle than the one fought 52 years ago for our political independence.

We will not surrender Barbados to become a failed state. I want to repeat myself. We will not surrender Barbados to become a failed state. Ours must not be a nation in which Barbadians live in despair and deprivation. We have already seen glimpses of what that looks like during the last decade. And that is why we act today now; and with all haste. The stakes could not be higher.

In the last two weeks since being elected, Sir, we have worked tirelessly. We have asked some of the best and brightest in our country to join with us and they have answered the call. We have worked hand-in-hand with a

revitalized Social Partnership. And I want from this spot today to say how proud I am to lead this country today at a time when we have leaders of the calibre that we have in our Social Partnership who have expressed and reflected a level of patriotism that is humbling. In near forty hours of face-to-face meetings with the Social Partnership in the last 10 days, and I apologise to their families for encroaching and trespassing upon their time, we have agreed upon the mission and the steps to be taken as we go forward. We agreed on the need to save the Barbados dollar. We called in the International Monetary Fund, as a Government, to assist us in providing liquidity support for our International reserves and to provide an independent assessment, and never let us forget the virtue of it, an independent assessment of our recovery and transformation plan so that all of our domestic and external stakeholders could garner and gain confidence. We have also moved to restructure our debt for the reasons I have already given. It is now my duty to call upon all Barbadians to play their part.

The state of affairs

Mr. Speaker Sir, we could not hesitate or wait to take difficult decisions. One of the difficult things for me was what I regarded was one of the last acts of malice done to the people of this country by the last Democratic Labour Party Government. They purposely dragged out the election date, in my view, so that it fell only a few short days from the due date of international payments. Making these lumpy payments against the background of minimal foreign reserves, rising oil prices, rising interest rates, in the midst of a hurricane season which started within days of the

election, all of these things would have contributed to put our dollar peg in serious jeopardy. That is why, Sir we had to take pre-emptive action that we did last week to protect the value of our dollar and I daresay the quality of our lives.

This is why I described the leaving of the elections to this last moment as an almost criminal act to me and I have no doubt, Sir, that that is why the electorate showed the Democratic Labour Party no mercy and frankly they deserved nothing less. When I think of what we once had, of what we took long years to build and what they frivolously have frittered away, what they force us to do today, I am furious.

And this last DLP government was so bereft of honour, integrity and shame that they have truly left Barbados on the edge of a precipice.

Mr. Speaker, our actions in entering a debt restructuring were not taken lightly but it gives us breathing space to repair our reserves, to return our debt to a more sustainable path and to pull the Barbados dollar back to safety.

Largely as a result of the imposition of the NSRL and the consequential doubling of our inflation rate in the last year, the Central Bank of Barbados is reporting a contraction of output of 0.7 percent for the first quarter of 2018 over the same period last year.

Although the NSRL is a heavy drag on growth, the fiscal deficit remains large, almost \$447 million during the last fiscal year. Indeed Mr. Speaker,

this distortionary tax has only yielded 50% of what the previous Minister of Finance indicated that it would yield when he introduced it into this House of Assembly, moving it from 2% to 10%. It was intended to yield, according to him, \$281 million and the output was going to be about \$145 million, therein lies a tale in and of itself.

So when I say Sir, that our nation has lost a decade, let us be clear, ten years of large deficits funding inflated contracts have resulted in this unsustainable level of debt.

I have already told the country that we left the debt at \$6 billion and it stands on or about \$15 billion today with nothing to show for the increase of \$9 billion in debt. The previous DLP Government has already been defaulting against payments owed to Barbadians for the past five years. That is what these arrears of almost \$1.8 billion as of May 31st last week is about and we are still collecting data. \$460 million is owed to the National Insurance Scheme alone. \$345 million is owed to Barbadians and individual companies by the Barbados Revenue Authority. The arrears are horrific but we, Sir, shall negotiate and settle legitimate arrears over the course of the next year.

I have already started to talk to the country about the many contracts signed in the dying days of that government that had long seen the dissolution of Parliament, in other words, contracts signed after Parliament dissolved. We must investigate how to get a better deal for Barbadians from these hastily concluded contracts and leases that the previous

government signed off on, at lightning speed, even as the nation was within days of a poll.

We believe that the only way to restore the honour and word of the Barbados Government is to commit from this Government, Sir, to run our finances in such a way that all current payments are done on time. This mini-budget and all future budgets must be based on doing so, ensuring that we do not build up ongoing arrears. It is going to be difficult but we need to do it. To reinforce that commitment, we must make all efforts to remain current in our payments and we must reflect the true cost of Government. We must, not as the previous Government did, present to Parliament figures that fail to reflect our total liability for goods and services, and that could be appropriately described, as I did many a time, as political cosmetology.

When our arrears, Sir, are added to contingent liabilities, like those the DLP committed the Government of Barbados to offer its friends and businesses, the Government's debt-to-GDP ratio is close to 175 percent of GDP.

The reason why analysts compare debt to the gross domestic product or output of a nation, Sir, is that the amount of output is a measure of the capacity and ability of a country to repay its debt and when debt rises so far above capacity to pay, it becomes unsustainable and of questionable value. We know it in our own lives.

The debt-to-GDP level that they left us with puts Barbados among the most indebted countries in the world. The only countries with higher debt-to-GDP ratios are Greece, which has benefited from over \$250 billion US dollars of support from European Union institutions, and Japan where deflation and a strong currency has meant that they can service their debts with very low interest rates. Neither option, Sir, is available, I regret, to the people of Barbados.

What We Must Do

So what must we do?

Sir, the people of Barbados I think know instinctively the hard truths.

And we feel on this side that our people did not give us an historic mandate because they believe that we possess a magic wand, as much as some may want to feel so.

We in turn were frank that we could not shirk our responsibility to take the tough decisions necessary. In making these difficult determinations we promised to follow two simple principles.

The first is that the burden must be shared by all.

Labour, the workers, cannot always be asked to shoulder all the burden but neither must Capital be asked to bear all the pain.

A second key principle is that we must always protect the most vulnerable in our society. Indeed, the IMF report states that and gives us that clear understanding that they too appreciate our philosophical approach in this respect. Our collective humanity demands nothing less. Barbados once stood for social justice and fairness, and under the leadership that I bring to this Government, it shall do so again.

We will reduce our debt to sustainable levels. We will follow a plan that will bring the debt to GDP ratio down from the close to 175% where it is now to below 115% at the end of the next 5 years and, if the people of Barbados are so good as to give us a continuing mandate, without being presumptuous, we would bring it to below 85% by the end of 10 years.

How will we get there? We will get there in three ways.

- 1) We will promote growth without the overuse of tax concessions or subsidies. Without growth we have nothing, that's what GDP is all about, growth. Our belief is that Barbados has considerable growth opportunities in the renewable energy sector, in truly creating a Green Barbados, in technology and smart government, in developing creative and artistic industries, in reviving our sugar-related agro-industries, rum, in better championing our international business sector and most fundamentally, by backing ordinary people, ordinary Barbadians, facilitating their training and entrepreneurship, and providing high quality public infrastructure and services including broadband across Barbados.

We believe we can partly capture these opportunities through a quicker Town and Country Planning process, and from next week we go to that process with the same vigour that we dealt with the Social Partnership in the preparation of this Budget. The rest of government must be quicker at processing permits and licences. I have spoken to the Minister of Commerce, the Member for St. George South of his duty in making this happen and particularly for those who have been inhibited as they prepare for Crop Over because for them this is the one opportunity that they can raise some money to send their children back to school.

Government must not criminalise entrepreneurship during Crop Over for our citizens. We must have more investment –friendly, predictable, transparent, legal and fiscal regimes without the most unfortunate giveaways; and Government should set examples for others to follow. My government will move rapidly to adopt electric vehicles, solar powered buildings, 24x7 online services and digital payments. That is why we have a dedicated Ministry of Smart Technology. Done smartly, none of these transformational things will have lasting impact on our budgets other than giving it a positive boost. My Government will be announcing several measures that will trigger and propel growth in this country, not in today's statement, but in the coming weeks and we will ensure that Green Barbados strategies will also be addressed.

- 2) Public debt will be restructured to bring it to more sustainable levels. Negotiations with our creditors have started. These negotiations will be carried out in the same spirit of fairness and protection of the

most vulnerable as all other negotiations. We are asking simply, Sir, our creditors to walk with us. We ask that all must share the burden.

3) Mr. Speaker Sir, all of this means we must consolidate our fiscal position in a significant manner.

Through the combination of debt restructuring and fiscal consolidation we aim to overturn 10 long years of large fiscal deficits. Forgive me if I pause here to remind us of what really is the contrast. I thank the honourable member for Christ Church East Central who I am so proud to see in this House of Assembly given that my first introduction to him Between 1955 and 2007, Barbadian governments ran five current accounts fiscal deficits. In other words they spent money that was earned to deal with day to day expenditure on only five occasions. Never two consecutive years, and never more than \$20 million across six administrations.

Under the leadership of the Right Excellence Sir Grantley Herbert Adams; under the leadership of Dr. Hugh Gordon Cummins; under the leadership of the Right Excellent Errol Walton Barrow; under the leadership of the Right Honourable JMGM Tom Adams; under the leadership of the Right Honourable Sir Harold Bernard St. John; under the leadership of Sir Lloyd Erskine Sandiford; under the leadership of the Right Honourable Owen Arthur; all of those governments only ran five current account fiscal deficits – 1962; 1974; 1977; 1991 and 1994.

This country however, has come to see one single government run 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and into 2018.

How does one single government so alter the character and behaviour of a nation, the profile of a people, the DNA of a people, such that we find ourselves in this difficult situation today and the government that I lead with less than two weeks today, 40 hours of meetings with the Social Partners and we find ourselves coming today now to take a new series of measures to preserve the integrity of country, the stability of our way of life and the value of our dollar for our children and our grandchildren. One government, reckless at best, criminal at worst in its conduct, in its mission, in its attitude, in its behaviour.

Mr. Speaker Sir, this government will commit to running fiscal surpluses. We recognise that the tools available to every leader who stood where I stand today will not be available to me because of that lost decade. The Bible says three score and 10 and they took 10. We don't have those same options and we now have to commit to running a fiscal surplus of being creative to how we will use the other tools of government to achieve what we need to achieve through legislation; through empowerment; through facilitation; through investment; through regulation.

We also don't have the same tools in terms of attracting foreign capital in international manufacturing under the very often referred to industrialisation by invitation because of the position taken by the WTO and EU as to the inapplicability of that legislation to the kind of development that we could move forward on post December 2016. Did the last government give us the alternative of refusing? No it did not. We have that too to deal with.

So I say Sir, while Mr. Barrow stood in this spot and told this nation of the importance of running deficits for the development of our people, I have now to stand here and commit to fiscal surpluses to save our way of life and to save our economy. We will close the fiscal deficit, we believe, by the end of this year. We will achieve this more comfortably in year 2 of our plan and we believe that in year three, we will be running surpluses in excess of 3% with the help of the people of Barbados.

Let me say up front Sir, and let me be very clear, these surpluses will be used to buy back our debt and to repay the arrears left by the previous Democratic Labour Party government because that is who we are as a people. The percentages that I just mentioned can underplay the significance of what must be done. But let me put it in clear terms for everybody to understand Sir, this is a 1.2 billion Barbados dollar adjustment plan under a period of three years. A \$1.2 billion adjustment plan to execute within the next three years. This is tougher Mr. Speaker, than anything we have ever attempted as a nation before but it is necessary due to our current circumstances.

And I believe Sir, together, in here and out here, we can do this, Mr. Speaker. I believe so.

The Barbados Economic Recovery and Transformation Plan therefore Sir, will be done in three phases. Our announcements today represent the first phase which we will largely execute within the first three months of this Government. It focuses on the imposition of user fees on domestic and international players to take three Statutory Corporations completely off of

the Consolidated Fund, and one other partially off of the Consolidated Fund.

Please let me repeat myself. This plan in phase one in these first three months focuses on the imposition of user fees on both domestic and international players to take three Statutory Corporations who are presently funded by the Consolidated Fund completely off the Consolidated Fund and to take partial payments of one off as well.

Who are they that would account for this reduction in expenditure of \$215 million in a full fiscal year? It is the Barbados Tourism Marketing Inc. I believe the Democratic Labour Party tried to raise a ... man out... Transport Board, but we start not with them but with our partners in tourism today because we believe they have the maturity, the capacity and the ability to lift this country out and be able to help us build a new platform for the continued growth and propellion of our tourism sector.

Its ally entity, the Barbados Tourism Product Authority, the Government of Barbados now spends \$96.3 million in this current fiscal year on these entities. By so removing them off of the Consolidated Fund there will be a reduction in expenditure of \$96.3 million.

I will come later in my address and show how they will be able to do their job with reduced dedicated funding that the Government of Barbados will now put in place for them utilising domestic and international players to make sure that they can take our tourism to the next level.

Similarly, the Sanitation Services Authority currently needs, but has not been voted this year, last year or the year before, \$65 million to do its job, both in terms of the collection of garbage and as a payment to its contractual obligations to SBRC.

And indeed Sir, the fourth one which is partial would be our \$45 million contribution to the Queen Elizabeth Hospital that needs four times that amount to be able to run its affairs. This would be done by isolating that \$45 million to go to the QEH without passing through the Consolidated Fund. I say so Sir because the last government stood there and used the QEH as the justification for the imposition of the National Social Responsibility Levy which is yet to see a set directly applied to it from the imposition of the NSRL.

Phase 1 Sir, also focuses on a review of our tax revenue to impose more effective taxes, increase compliance, broaden our base generally between others domestic and others visiting our shores. This will better allow us to reduce the fiscal deficit in the first year of our plan.

Phase 2 (month 3 to 12) will focus on expenditure reduction through a review and analysis of Central Government and State-owned enterprises focusing on the more simple ones - the merger of potentially affiliated entities such as Corporate Affairs and the Financial Services Commission; both of which receive subsidies from the Government of Barbados through Central Government now. We will also review Sir other entities that may not require the heavy lifting because those that need the heavy lifting would be left to Phase 3 which is month 12 to 30.

We will review the framework within which the International Business Sector during Phase 2 Sir, must operate given the blacklisting by the OECD and the grey listing by the European Union. And we have agreed Sir, that rather than impose taxation on that sector in today's budget, given those realities that they now face with those listings, that we will await the report as I will discuss later to impose those taxes in a one off seamless transition as we transition that sector to whatever reality we negotiate with the OECD.

And let me say here for the record, a previous Barbados Labour Party Government fought to save the International Business Sector in 1999 to 2000. It is of great regret to me that the previous government laid down and did not lift a finger to save this sector when the fights started to come from all quarters in the EU and the OECD. And, it is only at the last minute when things became desperate and when we move to a situation when we moved to blacklisting and double blacklisting, that we started to hear and see some level of activity on the part of the government that could seriously put us in a position where we need to be.

So in Phase 2, we will also move assiduously to embark upon measures to boost growth. And I have said to you that we will address the proposed growth measures in a comprehensive statement in the coming weeks because we feel that it was important today to focus on the fiscal in the same way that we focused on the debt restructuring last week.

Phase 3 Sir, months 12 to 30 will see a continuation of the review of all remaining state-owned enterprises and departments of Government. We will determine what expenditure is essential, what is desirable and what is optional. Not because we have nothing else better to do, but because this discipline is what will bring us to safety in this country. We have said over and over that Government is not only about taxing and spending alone, and I have already alluded to the other powers that we would deal with.

Our Government is now in the process of setting about to embark on an Environmental Scoping Study to determine the feasibility of the reclamation of lands and islands. If it is feasible we will do it, but we are not spending a single cent of the public money; we will not add a cent to our public debt to do it because we can achieve it through a legislative framework passed by this honourable Chamber which would afford this country new opportunities to see investments within our tourism sector and would allow Barbados to become the truly iconic destination that we always should endeavour to be building.

We must always similarly Sir, engage in comprehensive dialogue with our Social Partners and all Barbadians as to how and where we proceed with these state owned enterprises. This is not a Government by pronouncement, and dictatorial in its manner, this is a conversation that affects all Barbadians and once people are given the facts, shared the realities, then like every mature family and every mature nation, we discuss what we want out of our future. We know that we can want everything but let us start first with our needs before we get to our wants.

Mr. Speaker Sir, we hope in Phase 3 too, that by the time it comes, we would have then received a comprehensive report on the reform of our tax policy, looking once again at all of our taxes. The last such comprehensive reform Sir was undertaken more than 25 years ago. The time for it has come. And without prejudice to what we must do today to stop the bleeding, it is time that we review our complete tax system once again for the purpose of the next 15 to 20 years.

Sir, we expect that Phases 2 and 3 will generate a further \$200 million of additional revenues and reduced expenditures. And that is how we shall get where we need to get with the plan.

We are not leaving the heavy lifting for later. We are not kicking the can down the road as the last administration did for almost eight years when they had the first national consultation on difficulties in the economy at the Lloyd Erskine Sandiford Complex in March 2010. I shall never forget it when their first fiscal adjustment plan was history in 2010; when before we were still at investment grade and they kicked the plan down the road year, by year, until the people of Barbados took the can and kicked them down the road.

Mr. Speaker Sir, in this first step, our focus is on Mission Critical expenditures to protect the most vulnerable in our society and on the revenues that can be raised promptly. One of the benefits of having served in every area of Government is that we know government and we know what is executable and what is not. We know what can be raised promptly

and what requires additional time and what must be phased into Phase 2 or Phase 3.

The net impact of this mini-budget is to reduce the fiscal deficit in a full year by \$182 million representing a current account surplus. The combined effect of this budget and Phases 2 and 3 will be to reduce expenditure and raise revenues by approximately \$330 million once fully in effect. Over the course of three years this will improve the fiscal position by almost 1.2 billion Barbados dollars.

Mr. Speaker Sir, the first phase, you know why it is going to work Sir, it is not my plan, it is not our plan. Mr. Speaker Sir, this is the people's plan. That is why we believe it is going to work. For the most part it has come from many long hours of discussions and agreement with all of our Social Partners. Each of them has a mandate representing institutions in some instances, management of billions of dollars in capital in some instances, tens of thousands of workers, and each of us in here did represent 112,000 votes recently given in the last election. This is a plan of solidarity. It is a plan that profits from something uniquely Barbadian, our willingness to empathize, to carry each other's burden and to live harmoniously together. It is a partnership plan based on a partnership of Barbadian pride and industry.

Mr. Speaker Sir, I want the public to hear me clearly before I go into the specifics. This plan departs from all previous plans presented to this honourable Chamber in four fundamental ways.

Firstly, all of the burden does not fall on any one group as it did previously under the last government when it fell on Labour, the workers, under the last administration. We are sharing the burden with Labour and Capital through our intention to pursue debt restructuring. The last Government refused in this Chamber to address the issue of debt even though they were exhorted to do so both within and without. In this Chamber and outside of this Chamber. In their Cabinet and outside of their Cabinet.

Secondly, we are sharing the burden of taxation, today and user fees, between Barbadians and International players. Not simply on the same group of people who have had to carry the burden for the last eight years. Mr. Speaker Sir, you have heard me say over and over that three times our population visits this country on an annual basis; almost three times the number of Barbadians who live here come to visit us from over and away each and every year. These persons are our friends but they utilise our services and our infrastructure. And all we are doing Sir, is merely asking them to carry a little small piece of the cross.

Thirdly we believe that a plan that is owned by all, is a plan that is followed by all, is a plan that succeeds. Consultation and ownership for us is the bedrock of the success of this plan. We will remain faithful Mr. Speaker Sir as well, and true to the numbers. As I said earlier, “you can hide and buy land but you cannot hide and work it.” The true cost of running a Government as we adjust has now to be reflected in the numbers that we present to this honourable Chamber.

The days of literally bringing what is convenient to add up to a certain figure and leaving behind amounts due and owing to leave to accumulate to horrendous arrears have now to be a historic relic never to be seen by the people of Barbados again.

Measures

Mr. Speaker Sir, I will now introduce the individual measures of this mini-budget starting with the revenue measures:

1. NSRL

As promised, we will repeal the National Social Responsibility Levy (NSRL) from July 1st, 2018. This distortionary tax has led to a revenue gain of \$145 million. When the NSRL was put on, many prices across Barbados rose by double digits, depressing retail sales significantly and economic activity generally. Mr. Speaker Sir, we are conscious that the Central Bank of Barbados reflected that there was a doubling of inflation in 2017 caused predominantly by the astronomical increase in the rate of the NSRL. It is for this reason that we committed to its removal since October last year at our annual conference.

My Government expects that the removal of this distortionary levy will lead within two months after our consultations with the private sector, to a reduction in prices for the average Barbadian. The Social Partnership has agreed to help us monitor this situation. It is within two months because we already have stock on island that would have paid NSRL prior to this announcement today.

In addition Mr. Speaker, the Fair Trading Commission will be asked to monitor developments to ensure that both producers and retailers reduce their prices appropriately including the related reduction in VAT.

2. Fuel Tax

From July 1st Sir, the Government of Barbados will abolish the Road Tax and replace it with what we believe is a more efficient Fuel Tax. The Fuel Tax will be levied at a rate of 40 cents per litre of petrol, 40 cents per litre of diesel and 5 cents per litre of kerosene. The public must be told that the NSRL was levied to the tune of 12 cents per litre on gasoline and 11 cents per litre on diesel. So that when we set the price for the road tax at 40 cents, the net increase on gasoline is in fact 28 cents per litre because of what the government was already collecting without your knowing of every litre of gasoline and 29 cents on every litre of diesel.

Let us remember Sir, that as we approach this fuel tax, the road user is no longer paying the lumpy Road Tax, whether it is at \$400 or up to \$1, 600 that were paying up until now. To put this in perspective, under the existing Road Tax, car owners paid effectively from \$33 per month up to \$133 per month. Many taxpayers do not have that amount of cash to spare at once. We know from our constituents. Enforcement is difficult in Barbados with limited Police resources. The average motorist is unlikely to pay more under this new Fuel Tax than they paid in Road Tax. The improved collection afforded us would mean that the Fuel Tax is likely to raise in our view \$80 million, while the combined Road Tax brought in

\$65 million. And we say this because we believe in the level of non-compliance that exists on the road today.

Mr. Speaker Sir, there is still need for registration of vehicles on the road. The new fee from July 1st, 2018 for registration would simply be upon purchase of a new vehicle or second hand private vehicles. It will not be an annual fee and that new fee for registration will be \$400 to help us offset the cost of administration. All persons purchasing commercial vehicles whether new or second hand will pay a registration fee of \$1,000. The commercial vehicles which right now pay a higher registration fee will still be required to register on an annual basis but instead of paying the high fee, some as high as \$10, 000 will now pay 50% of the previous fees given as Road Tax. This is expected to yield \$5 million. A public service vehicle now pays \$20, 000 a year for a licence. They would have to pay \$1, 000 upon registration when they buy it and thereafter they would pay on an annual basis instead of \$10, 000, \$5, 000 per year because we recognise that the imposition of the Fuel Tax would hit them harder than most other vehicles.

3. Income Tax

Effective from July 1st we will introduce a new upper income tax band of 40%. Accordingly, the first \$25,000 will remain tax free. Income from \$25,001 to \$60,000 will continue to attract a rate of 16%. Assessable incomes between \$60,001 to \$75,000 will attract a rate of 33.5%. To improve the progressive nature of our tax system, such that we may share the burden fairly, we will introduce a new higher rate band of 40% on those whose assessable incomes are greater than \$75,001. These new tax

rates are expected to raise \$41 million in a full tax year. Once the debt-to-GDP falls, Mr. Speaker, to our target, I would like to think that we anticipate returning to the old rates, but we need to get out of this situation.

The Barbados Revenue Authority (BRA) is carrying on its books amounts due and owing to the Government of Barbados since 1968, most of this is now clearly uncollectable. The Barbados Revenue Authority through the Revenue Commissioner has recommended to the Ministry of Finance, and the Ministry has accepted that it write off all taxes owed from tax years 1968 to 2000. We have consulted with the Social Partnership on this determination too before making this announcement today to the people of Barbados.

Furthermore, between 2000 to 2017 as long as outstanding payments are made or a payment plan is agreed to with the Barbados Revenue Authority, it will waive all interest and penalties due and owing by taxpayers. From 2018, interest and penalties will be applicable for all taxes due and owing. Just as the Government is being asked to stay current by me, I am asking Barbadians to stay current with BRA. The Government however, will also move on the recommendation of the Barbados Revenue Authority to amend the law to move from the use of compound interest to the use of simple interest. This should ease a tremendous burden on Barbadian taxpayers when interest is now applied to taxes due and owing. It is too simple a puzzle not to have been done before.

I would also say that we would also move to amend the law to reintroduce two tribunals because the last government changed the law to allow the

Minister of Finance to waive penalties and interest for taxpayers. I want you to read my lips. I do not want the power as Minister of Finance to waive penalties and interest for anybody least someone gets mistaken again. In the circumstances, the law will be amended to ensure that that power will go back towards the tribunal which will be reinstated with the amendment. And similarly to the other tribunals sitting that they will have that power. The opportunity for people to make allegations unfairly will not be made available to anyone against any member of this Government with respect to its record.

Rather, our Government recognizes that very often persons are willing to make themselves right with BRA through the payment of taxes, but they cannot secure the lump sum that may be due and owing. They go to the bank and the bank requires of them a process that they cannot get through in order to be able to make the payments in time for the amnesty so they missed it.

In these circumstances, we believe that what matters is that BRA gets their money. And therefore, if persons are prepared to enter arrangements with BRA, if defaulting taxpayers come and enter into a payment plan with BRA which would have a cap outer limit as we discussed with the Social Partnership, then BRA should be prepared to accept that payment plan and that BRA equally would draft an agreement that says that penalties and interest shall be waived so long as that person holds to the payment plan, recognising Mr. Speaker that holding to a payment plan must take into account also the vicissitudes of business cycles and the uneven nature of cash flow.

So what does this mean? If you make a payment plan with BRA to pay what you have to pay over a five year period, and you have a business that has typically a soft stomach and the cash flow is not there, that in spite of the soft stomach so long as you do not miss six straight months, or so long as you do not miss nine months out of 24 months; in other words so long as you don't try to make mock sport of BRA; that you would be allowed to adhere to your payment plan. But the day that you make mock sport of BRA, or the day that you breach it for six successive months the penalties and interest become due all over again.

Mr. Speaker, may I also add at this stage – later on you will hear me speak to a sum of money to be able to strengthen the Compliance and Arrears Unit of BRA so that they can assiduously go after those who still do not want to come within the tax net, and secondly, to strengthen the Compliance Unit of the customs of Barbados.

May I say Sir, and I use this opportunity because I have not had any other similar public opportunity to say that my government will hold its promise that we believe that Customs is a border security agency and not simply a regulate authority and as a result our Cabinet will not be including the Customs Department into the Barbados Revenue Authority. We hope that that will bring certainty and stability now to the arrangements that are undermining the effectiveness of that department over the course of the last few years.

4. Corporation Tax

In order to restore parity between income and corporation tax Sir, we will raise the highest corporation tax from 25% to 30%. This will be effective from October 1, 2018 and this will raise \$57 million in a full year.

5. VAT

Mr. Speaker Sir, a large number of Barbadians now engage in online transactions for both goods and services, be it Amazon, EBay or Netflix. They currently do not pay VAT on these transactions.

I am advised that the technology now exists for us to capture these transactions for the purpose of taxation.

I therefore today announce the intention of my Government that effective October 1st, 2018 we intend to make all online transactions for the purchase of goods and services by Barbadian residents subject to the Value Added Tax. If the product is used in Barbados or delivered to Barbados, then local or otherwise it will be taxed. If the product is delivered to Barbados then it will also be taxed. There will be a full explanatory note and full legislation put in place so that all may be aware of how this will affect them in the near future. That is why the effective date of execution is not until October 1, 2018.

6. Health Service Contribution

Given the demographics of the Barbados Population where there is a higher number of elderly persons than persons entering the workforce, and given the significant increase that we all know in the incidence of Chronic

Non-communicable diseases, the cost of public health care continues to rise at an unsustainable rate.

We Sir, have to complete the appropriate review of all relevant studies, including those completed by the last government which were not shared with us fully, and which within two weeks we have been unable to do in as appropriate a time despite us working full speed ahead. As a result, we will not be in a position to settle the sustainable long term financing of our healthcare system we believe until Phase 3 of our plan since it requires comprehensive consultation. In the interim, we will Sir, raise a 2.5% Health Service Contribution to be collected by the National Insurance Board, 1.5% of insurable earnings will be paid by employers and 1.0% of insurable earnings will be paid by employees and self-employed persons.

These measures will come into effect on October 1st and is expected to raise \$45 million in a full fiscal year, with \$22.5 million in the balance of this fiscal year. This will meet more than 25% of the Budget of the Queen Elizabeth Hospital, and we will make amendments to the appropriate legislation to ensure that the National Insurance Board may forward the collected funds to the Queen Elizabeth Hospital directly for the purpose for which it has been collected. What a departure from the NSRL.

7. Departure Tax

Mr. Speaker Sir, as it stands today, the Barbados Government pays fully for the collective marketing and product development of our Tourism sector. Individual hotels may do some of their own. The Budget which we

apply to these functions for this fiscal year and on average has been \$96 million.

It is our contention that given the maturity of Barbados' Tourism sector, the Barbados Tourism Marketing Inc. and Barbados Tourism Product Authority are ready to transition into a public private partnership. The Government of Barbados will accordingly review the Governance arrangements so as to ensure a transfer of lead responsibility to the private sector for the ownership and management of these entities. It will however, still be a partnership because the Government will retain minority shareholding and a golden share in the interest of ensuring fairness and equity to all players within that sector. It is anticipated that this transition will take place between now and October 1st. In order to facilitate the new governance arrangement, it is intended to isolate the revenue that would be necessary to manage these institutions in the early years.

Accordingly, my Government has decided from October 1st, 2018 to introduce an Airline Travel and Tourism Development fee. The fee that will be paid by passengers flying outside of CARICOM will be US\$70.00, and for those within CARICOM US\$35.00. This fee will be added to the Departure Tax now payable.

It is anticipated that this measure in a full fiscal year will realize \$95 million. \$75 million of this amount will go toward the BTMI and BTPA. We were advised by members of the Social Partnership that this \$75 million can assist in the marketing of Barbados' tourism. Similarly, the

remaining \$20 million will go to Central Government towards the further regulation of our tourism product, Civil Aviation and our shareholder responsibilities as a major shareholder in LIAT. For those who may be worried, may I remind persons that in St. Lucia they raised their fee cumulatively at the airport through similar taxes to a combined amount of US\$100, and instead in spite of that they saw not a reduction in travel, but an 11% growth in tourism in that picture. I am also told that there are at least three other Caribbean countries whose Departure Tax and other combined fees are a similar rate.

This airport, airline travel and tourism development fee, is expected that we will work to have this collected and made as part of the income tax and hence the timeline to be able to appropriately sensitise the market and negotiate for its inclusion in the ticket fee rather than separate collection. But if necessary it will be collected at the Grantley Adams International Airport. This would apply to all tickets ticketed after October 1, 2018. This is an important distinction to the travel industry because we recognise that there are already some people who were already ticketed even though they may be travelling after the October 1, 2018. Let us prepare as to how this would be instituted. I want to thank the members of the tourism sector for the consultations and for allowing us to be able to settle on these measures and for them to be able to stand shoulder to shoulder with the people of Barbados as we move to lift this country out.

8. Room Rate Levy

As I indicated earlier Mr. Speaker, three times our population visits our nation every year. Indeed, many of them are like family. I believe

Barbados has the highest repeat visitors in the hemisphere and we welcome them.

We are satisfied that many of them are willing to make a small contribution to the cost of maintaining our infrastructure. They too like us do not like to see sewage on the streets. They too like us do not like to see garbage in the road. They too were told that potholes were a transitional inconvenience at a cocktail reception for repeat visitors.

Mr. Speaker, it is our view that the current rate which hotels charge for VAT at a rate of 7.5% cannot remain. It is my Government's view that the fair share of the burden of adjustment requires a review of this rate, and that we place it at 15% for the accommodation sector. We however accept, from the tourism sector, that to introduce this without a sufficient lead period will cause harm to our hotel sector because of them being locked into contractual arrangements for some time now. In our discussions with the Social Partnership, we have agreed that any such rate adjustment should be applicable only from January 1, 2020. This will provide more than adequate notice for them to plan and adjust their contractual and marketing efforts accordingly. In the interim, Mr. Speaker, my Government will introduce a Room Levy to be applied to our hotel rooms as follows:-

“B” Class and Apartments	U.S. \$2.50 per room per night
“A” Class	U.S. \$5.50 per room per night
Luxury	U.S. \$10.00 per room per night

Mr. Speaker Sir, we thank them for allowing us to have this modest contribution which however will yield almost \$25 million to the Treasury of Barbados in a full fiscal year. In addition, we will apply a 2.5% Product Levy on all Direct Tourism Services. This will be collected on Government's behalf by the providers of these services. We believe that the appropriate amenities, the Barbados Hotel and Tourism Association will continue to work closely with the Ministry of Tourism to ensure a seamless introduction of this levy from July 1, 2018. The room levy also starts from July 1, 2018.

Mr. Speaker there is one gaping omission in the collection of revenue from our Tourism product. This relates to the shared accommodation sector namely AirBnB, Home Away, and all other types of shared accommodation. While we welcome its contribution to our economy and its ability to lift the earnings of our citizens, we recognise that it also should carry a fair share of the burden. Mr. Speaker Sir, we are aware that the technology now exists for us to collect Barbados taxes on many of these online transactions, but we also have to within the Ministry of Tourism, to speak to many of these in these shared accommodation sectors. Accordingly, we will introduce from October 1, 2018, a 10% shared accommodation levy on all fees charged for the shared accommodation sector. It should be noted that the majority of persons in this sector do not pay VAT on accommodation services, and it is our belief that most providers fall below the threshold for VAT hence we believe this 10% levy is the fairest solution. It is anticipated that these combined measures will raise as follows:-

Room Rate Levy	\$47 million
DTS Product Levy	\$3.9 million
Shared Accommodation Levy	\$8 million

Bringing a total of \$58.9 million in the tourism sector.

Mr. Speaker, this will allow all of us to share in bringing Barbados back to safety.

Our International Business Sector has been under-threat from active pressure by the OECD and neglect from the previous Government. I will champion and defend the industry Sir because it has played too critical a role in our history. It is the international business sector that has allowed us to come back under the most aggressive forms of tax reform in our history because of the manner in which they contributed to our corporation taxes in the past.

I will support the Private Sector task force's recommendations which we expect to receive by the end of July this year. In return we are working on ways in which the industry may make a greater contribution and financial impact to Barbados as we go through this period of structural adjustment.

Given the uncertainties surrounding this, we would hold any such announcement, but hope to do so before October 1, 2018. However, we are aware that we will have an improved performance in our Corporation Taxes as a result of the redomiciling of many companies from the United Kingdom as a result of Hybrid Mismatch rules. Our investigations suggest

that this activity is likely to result in an increased tax revenue over a full year of approximately \$60 million in Corporation Tax.

All Ministries and Statutory Corporations will be required to identify new revenue streams and to review existing fee structures and business models. That is what Phase 2 must bring. It will allow us to enhance our revenue earning capacity with respect to those user fees in those areas where the fees have not been increased for decades.

I will put the country on alert, the Corporate Affairs Registry has been charging the same fees since I became a lawyer in 1988. That is 30 years ago. The Supreme Court has been charging the same fee for decades. There must now be a comprehensive review of user fees across` this country if persons are to help bear their fair share of the burden if we are to save the quality of life and protect us from damage with respect to the value of our dollar.

Combining these revenue measures, including the abolition of the NSRL and road tax, will still raise approximately \$303 million in a full fiscal year. We have more than fully funded the abolition of the NSRL and road tax and done so only partly through taxes on Barbadians.

Expenditure Measures

Mr. Speaker, Sir, I now turn to some expenditure measures, as anticipated in the press statement, that we have Sir, increase expenditures in a few areas.

Over the past ten years, the workers of Barbados have played a major role in bearing the brunt of the economic challenges currently besetting us. I remember the dates as if they were yesterday, August 13, 2013, when the Government first announced the 19-month fiscal adjustment strategy. I remember December 13, the Friday, when they came here on the same day that they did the new Electricity Act, the Minister of Finance announced that the numbers that he would have to send home were no longer those paltry numbers that he announced August 13.

I have no doubt that the historic mandate that my Government has received has been a result of Barbadians repaying the favour of that great betrayal. Immediately on taking office on the 25th of May, I mandated that meetings be held with workers' representatives to consider a new wages and salaries accord for public workers who have not had a wage increase for eight straight years. Prices have gone up in the last decade by almost 50 per cent and the meagre increase that they got between 2008 to 2010 does not even bring them to a proper quarter of what prices have gone up to in this country. Labour representatives and Government have literally worked without rest, as part of the Social Partnership and separately in these negotiations.

Today we can report that together we have agreed on a way forward. Any union demand for settlement regarding previous periods is not in the best interest of Barbados. And I wish that I would have been in a position to make up for those lost years that the previous government put you at peril by not agreeing to any form of wage increase between 2010 and 2018. However, I can deal with where I am today. And I have agreed to

recommend to my Cabinet who has agreed this morning that the agreement reached between the Ministry of Civil Service and the Public Service Unions of Barbados of **five percent, across the board, for an increase in wages and salaries shall become applicable for the period April 1, 2018 to March 31, 2019.**

The cost of this agreement will be \$60 million on a recurring basis. This cost applies not just to central Government but also to statutory boards. It will cost the Government \$60 million. This is by far the biggest single expenditure that my Government will undertake in the next year. It represents our commitment to labour.

It is an appreciation of their unflinching commitment to working through the challenges that our country faces together and I want to salute their maturity and I say simply that those who would seek to make a mockery of their patriotism would do well to go back and check themselves again because this is what is in the best interest of the country, recognising that if we have to set off on a long journey, you have to give people breakfast, especially if they have not eaten for eight years.

As promised in our Manifesto, we today now, confirm that we will raise the minimum non-contributory pension from \$155 to \$225 per week as of July. Protection of our pensioners will cost the sum \$18 million. The relativities will be maintained for minimum contributory pensions and survivor benefits and invalidity benefits within NIS. The NIS will treat to this expenditure separately.

We know that the measures announced today will impact all. Some people will need extra support and as such, I announce today a temporary increase in our welfare and poverty alleviation votes to the tune of \$5 million to capture and support all who may fall through the cracks. This is a small amount, but we have to start somewhere and we hope in conjunction with civil society and our churches that we can provide the safety net for our people.

I said on the 14th of August 2013, I promised this country that the party which I lead would not leave our young people behind. We will undertake undergraduate tuition fees for those attending the University of the West Indies with effect from the next semester. We will also put in place, Sir, a regime that follows the regime we adhered to in 1995 with respect to post graduate qualification; that those receiving upper second class honours or higher or those wanting to do a course of study that is a national development priority we will pay for them at post graduate level. We will cap them for the period of time of their study plus one year but in return Sir, we now today say to them, that this commitment to you is being given at a time of great difficulty for your country and we will require of you a minimum of 100 hours in approved service to your country by a schedule that will be settled in conjunction with the Social Partnership as to the areas of activity that our students will be required to give back to Barbados.

We believe this will help us to maintain the social capital of our country and some clear ideas that I will put on the table for the consideration of the Social Partnership in its broader construction, when we establish the Social

Justice Committee, as has been the mission reputed to the Hon. Minister of Labour, the member for St. Peter. It will be, for example, mentoring many of our young children in primary schools, ensuring that they participate in traditional activities like Guides, Boys' Scouts, cricket, football, road tennis. Too many of our young people are left loitering on the corners of communities without structured activity to engage them. We must reverse this from our landscape.

Again, in keeping with our Manifesto, we are committed to introducing a Trust Loan programme where we will offer up to \$5,000 loans, on the first loan, to those entrepreneurs without collateral on presentation of a viable, basic expenditure plan. I have asked the Honourable Minister of Commerce, the Member for St. George South, to ensure that in the design of this programme, that which is intrinsically Barbadian and that which has kept many a Barbadian family above the water for the last 150 years, be included in the design of this programme. We believe in our people and if we can write off tax concessions for people every year, to the tune of hundreds of millions of dollars, then the Government of Barbados will find \$10 million every year to put for ordinary Barbadians who are marginalised by their financial situation.

Our children are the nation's lifeblood and we must take steps to improve their safety at school, on school buses and at bus stops. This includes the hiring of school safety officers, social workers, and guidance counselors. Given financial pressures, we cannot do this across all 21 schools to start, I wish we could, but our fiscal realities do not allow for it. We will start initially in seven schools. In addition, we will introduce a new designation

of Master Teachers so that we may allow our best teachers to remain in teaching and to be compensated in so doing. The same applies to our nurses. We will create senior specialist nurses to ensure that our best nurses do not have to be promoted into administration to be paid well. These small but vital initiatives in education and among teaching and nursing professionals will cost approximately \$6 million.

The pressure on our Accident and Emergency Department of the Queen Elizabeth Hospital is tremendous. Patients have to lie in corridors awaiting attention for inordinate lengths of time. We will give \$11 million to the Accident and Emergency Department for expansion, both physically in terms of additional constructive areas for triage and waiting areas; and secondly, for the equipment necessary to be able properly accommodate those who depend purely on that department because they have no other option and cannot afford private medical care. They too are people and they must be treated with dignity. Once that lounge is finished, it must go out for public tender for somebody to manage it properly as a hospitality lounge so that the loved ones of our patients have the best possible care and ambiance while waiting in these nervous times to find out what is wrong with their family.

Similarly, we now announce Sir, the extended opening hours of 2 polyclinics, on a 24-hour basis. The time of opening will depend on the completion of the additional staff that has to be deployed. But that will cost the taxpayer approximately \$3 million a year and this will apply to the Randall Phillips Polyclinic and the Sir Winston Scott Polyclinic. This will take pressure off of Accident and Emergency.

Barbados has a backlog of 10,000 criminal cases. How does a country this size, have a backlog of 10,000 criminal cases? It is absurd. We believe that to even admit that it can continue is to make a mockery of ourselves and therefore accordingly Sir, the Attorney General has made a case, and I have accepted his case, that a society which prides itself on fairness and efficiency must move swiftly now to deal with this situation. We will therefore appoint three temporary judges to move to eliminate this backlog. This measure will cost \$700,000 to the Treasury per year.

With respect to our sugar farmers, Sir, the irony is, if ever there was a chance for the sugar industry to have a bright future, it is actually now and therefore our Government is committed to meeting with the people in the sugar cane industry, recognising that if Barbados is to have an ecologically sound landscape and if we are to preserve our rural society, we need to resolve the future of the sugar cane industry as a matter of urgency. I have every confidence in my Minister of Agriculture, the Honorable Member for St. Philip South, to bring us to safety there too. In the circumstances however, it has been brought to my attention that the Government of Barbados owes the sugar farmers \$14.5 million. Time spent in agriculture cannot be put off because every season has its own rhythms and if we do not make money available to the farmers, we may find ourselves moving out of production and I am told that when a field comes out of production it takes five to seven years to be brought back into production.

In addition, we cannot seriously move towards a state of food security if we are not prepared to allow for a rotation between our crops and our cane crop or any other grass crop that will help balance the nutrients in our soil.

According, my Government will seek to settle this matter over the next three years, of the indebtedness of \$14.5 million but we will immediately provide in this financial year, as partial settlement, a sum of \$5 million to be able to allow the sugar cane farmers to make sure that we can sustain this industry.

I have already indicated that BTMI and BTPA will be moving from the budget to save us \$96 million I have told you that the deadline is October 1st.

With respect to the Sanitation Services Authority, which I mentioned earlier, this too will be removed from the budget but not by becoming a public-private entity, it will remain a Public Statutory Corporation. There will, however, be a new Garbage and Sewage Contribution (GSC) to be levied through the Barbados Water Authority (BWA) bills as of August 1st. This will be buttressed by an agreement between the Sanitation Services Authority and the Attorney General has advised me that we may want to support this by legislation as well.

Households will pay the equivalent of one dollar and fifty cents per day for this garbage and sewage contribution. Of that, one dollar and fifty cents, one dollar and twenty-five cents will go to the SSA for the offsetting of its expenditure in garbage collection and twenty-five cents will be retained by the BWA towards the maintenance of our sewerage systems.

In the case of Commercial Entities, their contribution will be 50% of their water bill with half of that amount going to the SSA towards garbage

collection, and the other half remaining with the BWA to offset the operational costs of the sewerage systems.

It is our view that it is unfair for one group of people in this country to pay sewerage fees, as has been happening for years on the South Coast and in Bridgetown; they pay sewerage collection fees. The commercial businesses in Bridgetown and the South Coast pay a sewage connection fee of two thirds of their water bill and residents pay one third of their water bill.

This country is not isolated, such that only those on the South Coast or those in Bridgetown suffer from the collapse of our sewerage system. All Barbadians suffer from the collapse of our sewerage system. All Barbadians suffer when our public health is threatened by the failure to collect garbage and by mosquito borne diseases that may develop.

I know well what it is like to have Chikungunya, it is the worst thing that has happened to me and every time I get tired the pains come back, even though I had Chikungunya five years ago. We have seen a decline in the travel of certain demographics within our tourism sector in the last three years because of the incidence of Zika and its related consequences to women of child-bearing age. This is not a joke either for Barbadians or is it a joke for those who visit our country.

We feel, Mr. Speaker, that it is necessary for us to review the sewage fee paid by the customers – residential and commercial – within the South Coast and Bridgetown and after review, we will determine for the country

what is best. But in the context of the new fees I have just announced, it is my own personal position that they ought to go, but in the absence of appropriate consultation with the Social Partnership, I am not prepared to announce it here today.

These collections will lead to a budget savings of \$65 million, which is what the Sanitation Services Authority needs for a full year to operate. Because of this we have the confidence that our Sanitation Services Authority can move forward with the clear understanding that the measures that I will soon announce, will allow them to play their proper role in the maintenance of a clean Barbados.

I mentioned earlier Sir that we will allocate \$2 million to strengthen the revenue collection capacity within Customs and within the Barbados Revenue Authority and the Compliance Unit. If we want to enhance our revenue, we need to make sure that somebody comes to work every day to get the job done.

Those who have a greater capacity are paying more across all of our measures. But everyone has a role to play, everyone is called to the rescue.

In respect of the garbage and sewage contribution, all pensioners living alone will pay 50 per cent of the fee; seventy-five cents a day instead of one dollar and fifty cents per day. You now begin to see Sir why the minimum non-contributory pension was placed where it was placed, in order to ensure that even after the payment of this fee, that they are capable of living a dignified existence in this country. None of these

measures are by accident because we understood what mission laid ahead of us even before we were given the benefit of the mandate by the people of Barbados.

Similarly, all families that are indigent and fall below the poverty line will be assessed by the Welfare Department as to whether they too will be entitle to a 50 per cent rebate of the Garbage and Sewage Contribution. This is a fair Government, Mr. Speaker.

In sum, even after we deliver on our Manifesto Promises to Mission Critical matters, some of which I just described to you to ease the burden of those Barbadians who are vulnerable, those who have had no wage increases for 8 years or those who need to be empowered, there is still a reduction in our recurrent expenditure of approximately \$23 million given the user fees that will see the relevant statutory corporations removed from the financing out of the Consolidated Fund.

We have tried to be creative in the way we fix our country's problems, without sacrificing our people on the frontline of adjustments.

Our current revenue and expenditure measures will reduce the deficit by \$183 million over the next twelve months. Our primary surplus will rise from an estimated 4.0% to 6.0%; and along with our debt restructuring, we hope this will bring us to a fiscal surplus.

Mr. Speaker, Sir, we have reduced the economic impact of these measures in two ways. First, we have broadened the tax base so that approximately

\$200 million of the revenue increases come from taxes on non-residents, through the airline development and tourism development duty fee. Higher taxes will eventually come from IBCs, and room and product development levies. This is not costless as higher taxes may impact our competitiveness, and we are conscious of this and will work with them to reduce that. But we do not believe that these sectors compete on price alone but on quality. If Barbados cannot solve its sewage problem, all sectors are affected with respect to their competitiveness. If we have infrastructure that cannot be fixed, we will affect the competitiveness of these sectors. That is why we feel the need to spend funds on our infrastructure because by so doing we will safeguard our responsibility for quality, that has been so endangered by the last government's neglect of the sewage and, in more recent times, sargassum crises and failure to treat with public workers.

As a result, Sir, we now have a \$131.5 million capital expenditure program that is led by investment; in first and foremost fixing the South Coast and Bridgetown sewerage plants. The immediate remedial work for the South Coast Sewerage Project has been estimated at \$15 million and for the Bridgetown Plant at \$12 million.

Both are on the way. When I leave here today, Sir, we go to see results on certain tests that are being done on the South Coast and I have a ministerial subcommittee that meets three times a week, under the leadership of the Honourable Member for Christ Church East, the Minister for Environment and equally Sir, there has already been significant work done at the Bridgetown Plant in the last week, pursuant to Cabinet's mandate, that was given week before last.

In addition, Sir, I am grateful to announce to the country that the Vice President of the Canadian Crown Corporation has flown into the country and myself and the Minister of Foreign Affairs and the Minister of Environment will be meeting with them and our primary interest is the discussion of the long term renewal of the South Coast Sewerage Plant and any further upgrades for Bridgetown. Barbados cannot be left hostage to the unfortunate and unreliable workings of an aged plant that has brought us to this sorry point.

We also critically need to repair and buy new garbage trucks, public buses and purchase equipment for the Ministry of Public Works. Barbados starts each day with about 15 garbage trucks and the SSA has advised that it ends each day with about 7 or 8. We need a minimum of 35 garbage trucks to service Barbados on a daily basis. This situation is untenable. We will seek immediately to acquire 15 second hand trucks within the next six to eight months, out of Europe. The timeline for the delivery of the new trucks is 8 months, we cannot continue with this situation for 8 months. The last Government committed to the purchase of 7 vehicles in April and they will not be delivered until November of this year. Seven vehicles will not come close to closing the gap and the spectacle of open back trucks carrying garbage is not consistent with the Barbados that we Bajans know and want or for those who visit our shores know or want.

Accordingly, they will also be given an amount to complete the purchase of a D9 tractor and a compactor for just under \$3 million, bringing the total that the SSA will be given to \$15 million to pursue these urgent

acquisitions. This acquisition of the tractor is absolutely critical because the SSA has been paying the princely sum of approximately \$33,000 a week for the rental of these two pieces of equipment for over four and a half years. A period of time that would have allowed them to buy at least three of those two pieces of equipment. It is scandalous, to say the least.

I do not need to remind Barbadians that there are not enough buses on the road. The discussion we are having today is not for a \$5 bus fare as some would want the country to believe but the need to give Barbadians a regular and reliable bus service in this country. While we cannot renew the entire fleet at once, because the number of available buses have dropped to an unacceptably low level, my Government has allocated the sum of \$25 million in capital expenditure today for the purchase and repair of buses.

It is anticipated that the Member for Christ Church West will ensure that all new buses to be acquired should either be electric or use clean energy and also accommodate those who are differently able in our society. We simply cannot be planning out a new Barbados based on modalities that run counter to our aim to protect those who are most vulnerable and not to be able to accord with our opportunity to have a fossil fuel free economy by 2030.

We anticipate that the Minister will keep Barbadians updated on progress with respect to this matter. Sir, the same Minister has the unfortunate legacy now that he has inherited, that almost two thirds of the 600 workers at MTW have not been able to do much when the day come for a very long

time and it is because, through no fault of their own, there has been no functioning equipment at the Ministry of Public Works.

How does a country that reached where Barbados reach, be reduced to these levels? How does it? For the simple sum of \$10 million we can get those workers at the Ministry of Public Works back to work and we can start to deal with the fact that they can, with additional sums which I will announce for the development of roads in conjunction with private contractors, in direction of the Ministry of Public Works and the Ministry of Beautification, debush and beautify the country, deal with drainage, sidewalks and all of the other things that affect ordinary Barbadian community and those who ply the highways of this country. Ten million dollars is all that is required to get the equipment needs of the Ministry of Public Works and to deploy their workers fully.

Barbadians have been complaining about the poor state of the roads in the country and the increased cost of purchasing tyres and shocks for their vehicles. We all know that the potholes are not a transitory inconvenience but permanent holes in your pockets. Therefore, my Government will embark, in addition to the amounts already voted for road repairs to the IDB and CAF, will embark on an additional essential road repair and debushing program that will cost \$25 million. This will be in conjunction with the equipment that we just spoke about.

There are still approximately 5,000 pit toilets in Barbados. Nobody has a pit toilet by choice in this country. My Government therefore believes that as we come to the third decade of the 21st Century, it is imperative that we

commence a programme to eradicate this scourge from our landscape over the next 7 seven years; if it is our lot to be given beyond the period of time of five years because that is how long we feel it will take. \$10 million in this budgetary proposal will only get us going. But the truth is, that the Ministry of Economic Affairs, under the Minister, the Honourable Member for St. Michael South Central, has been commandeered to help find appropriate concessional loans to undertake this activity because Barbadians deserve better and must receive priority of place from its Government on those basic essential matters that define who we are as a human being. I cannot contemplate what it must be like for an elderly person to go outside in the middle of the night when it is raining, purely because nature calls upon them.

Our aim is to make ourselves more climate resilient in this hurricane season as well and beyond. We have to make sure that we are ready for it and we need to make sure that the Minister of Home Affairs can appropriately get the country ready for any eventuality given what transpired in the region last year. This will cost the country a further \$5 million and it will range from the repairs to urgent buildings, water tanks for some schools because the Honourable Minister of Education, the Member for St. Michael South East, has already had to close a number of schools in the two weeks that she has been a Minister, because of the absence of water tanks. God forbid what would happen if there is an emergency in this island far less. So that sum will be \$5 million.

In addition, you would have heard me speak to bring down the temporary backlog of cases. But when we appoint three temporary judges they need

somewhere to go and not at high rental rates because the Supreme Court building has not been properly maintained. My Government will allocate the \$2.5 million that we are advised is required to remedy this unacceptable situation such that residents of Barbados can once again fully access our justice system.

Mr. Speaker, there is no clearer sign of the neglect of the people by the previous DLP administration than its refusal to address the problems associated with faulty electrical wiring in a number of NHC Housing Units across the country. Pronouncements were made as to the delivery of title deeds even though many still have not yet received the same, but whether you live in Haynesville, Silver Hill or Wotton, the fear of losing one's possessions or worse one's life is the dreaded reality of everyday life for thousands of Barbadians in these housing areas. This Government will start to address these issues by first allocating \$2 million for urgent electrical upgrades to ease the fears of all Barbadians.

Amidst all of the gloom that is around us we must never lose sight of our ambitions of where we want to go. Our aspirations must never be tempered as a result of poor decisions. We must transform Barbados such that our people, particularly our young people, can engage the world with confidence. Therefore, even now we will embark on making our capital city a Smart Bridgetown, by investing in an initiative to provide free WiFi for all those living and doing business within the Greater Bridgetown area. \$2 million will be allocated to start this project. We believe that this will be a precursor, I hope to what we will have the honour of announcing as a Smart Barbados.

The overall fiscal position will improve considerably compared to the pre-administration budget. Total revenue for the fiscal year 2018/19 is estimated at \$3,280 million or 32% of GDP. Recurrent expenditure is estimated at \$3,020 million or 29.4% of GDP, remember Sir I said a net reduction of expenditure of \$23 million on a recurring basis; while capital expenditure is estimated at \$400 million or 3.9% of GDP. This gives us an overall fiscal deficit of \$140 million or 1.4% of GDP now.

Let me point out, Sir, that this does not yet include any savings that we may achieve from the debt restructuring exercise that is currently underway. And less we forget, we still carry \$1.8 billion in arrears that we must now seek to move to and settle to get ourselves out of this hole.

When interest savings from the debt restructuring is also added, we are likely to have no funding requirement report for next year but we await the outcome of those discussions. We need to get out of this hole and we need to see a future and we need to do so in a shared way. I hope that all listening to us today will realise that everybody is being asked to carry a piece of burden with the exception of the international business sector who has committed that it will carry its piece in the very near future, once its report is in.

Mr. Speaker, Sir, the Barbados Economic Recovery and Transformation plan is carefully balanced. The expenditures in our public infrastructure should not be seen as a cost but as an investment to secure a higher GDP and we are grateful to the language of the International Monetary Fund in its wrap up report as it relates to the need for us to deal with typical

infrastructural issues. We cannot have a country going forward with no garbage trucks, bush, sewage on the streets, no buses, a Supreme Court not functioning with people being able to work in it, schools shutting down on a regular basis every week. A horror story.

Mr. Speaker, Sir, the reduction of the fiscal deficit in a full fiscal year by \$183 million, raising the primary surplus from 4% to almost 6%.

When we add the results of debt restructuring, Sir, we believe that we can still reduce our debt to sustainable levels in 5 years. Yet it protects the most vulnerable in society. We do not want to come back to this place. We have also, Sir, held to our campaign promises. It brings us to fiscal balance from this year, but it does not extinguish growth. Growth is supported through shifting the balance of revenue increases to the overseas sector and a fundamental re-orientation of our economic policy away from tax and spend, to providing the space to transform our economy into a Green economy.

Mr. Speaker, Sir, my team and I have shepherded this plan. But it is the people's plan.

I repeat it is the people's plan. It is a plan that emerged from deep discussions at a Social Partnership reborn and revitalised, I hope and I commit to them to continue engagement twice a month for the period of structural adjustment over the course of the next three years. It is a plan of broad solidarity. It is a plan that profits from something uniquely Barbadian that restores our pride and industry. It is a fearless plan. I want

to thank the members of the Social Partnership for their love of country - for their commitment and their selflessness. I am humbled to lead this country at this defining moment when despite our trials Barbadians can still find the will and strength to pull together in this our greatest hour of need.

My Government is aware that these measures will impact on all Barbadians and those who visit or do business here. But let us not forget that it is the social compact that we are seeking to safeguard by asking you to share in the sacrifice in this adjustment. Mr. Speaker, we will take care of our people's children, we will take care of the emergencies and the basic healthcare needs of our people's families. We will take care of the roads, the gullies and the beaches. We will work with you to move the sargassum. We will work with you to protect your safety, to protect your public health. But Mr. Speaker, we can't do it all alone, we really can't. We need help and we need all Barbadians and all who want to be Barbadian by choice or want to associate with this country by choice, we need all aboard. All Aboard - For Love of Country just as our grandparents and great grandparents faced great trials and tribulations and rose above them; so too shall we because we will do it together

Conclusion

Mr. Speaker, in the next 48 hours, the world will watch to see how our compatriots respond to this call to national duty.

Our brothers and sisters in the islands of the Eastern and the wider Caribbean are rooting for us. They too would like to see a restoration of the Barbados brand. Because recovery in Barbados, brings new opportunities, vigour and vitality to the wider Caribbean.

I shook my head a few days ago, when it was suggested that only persons resident in Barbados felt and experienced the pain and shame of the last 10 years. Mr. Speaker, I am here to say to them, through you, Sir, that the entire world felt and experienced the shame of a decaying Barbados brand.

You don't have to be a Barbadian to love Barbados. The naval strings of some of our greatest patriots were not buried here. But Barbados is the land they loved. And like us, they shook their heads in total bewilderment by what became of this beautiful country, especially under the last dispensation.

Wherever you went in the region and around the world in the last eight years, the constant refrain was 'but what's happening to beautiful Barbados?'

I am here to say to all and sundry this morning that the bleeding has stopped. The patient is now in intensive care, but Sir, the prognosis for recovery is very good.

The conclusion I drew from the results of May 24th, is that no longer shall Barbadians remain passive observers to the decay of their fair land. No

longer shall we take comfort in the fact that what's happening here is happening elsewhere.

As of May 24th, Mr. Speaker, we have set minimum standards. The Barbados brand may be broken, and together, we shall fix it. As proud Barbadians, it behooves us all to stand and be counted, in this, our country's hour of greatest need.

I say the time for finger pointing is behind us, after today. The jury returned its verdict on May 24th and the accused was duly convicted. It is now time for each and every one of us to roll up our shirt sleeves, bend our backs and put our hands to the wheel. Barbados has got to be rescued and it has got to be rescued with Barbadians leading the charge.

That is why I have sent a clear message in this presentation this morning, that each and every Barbadian shall play their part in the rescue, recovery and rebuild exercise. We have set up an e-mail for persons wanting to share their ideas with this Government because we do not believe that we are omnipotent or omniscient. We do not believe that we are all powerful or that we know everything. The address is ideas4barbados@barbados.gov.bb. And I shall ensure that this is circulated through the Government Information Service and through social media.

Everyone who loves Barbados and who cares about this fair land and wishes it well, will be called upon to play some small part in its rescue and recovery. That is why we have invited visitors to the island to contribute to

the rebuilding exercise. That is why we have asked our international creditors to hold strain for a little while. That is why we have involved persons at the highest level of International Financial Institutions to walk the mile with us. That is why I want today to call upon Barbadians living in every corner of this earth to stand and proclaim, with confidence, in the language used by the Member for St. Philip West when he returned in 1994 'Barbados is back'.

We turned the vehicle around on May 24. Today, to use another analogy, we placed it in the service bay and we have done the diagnostics. Pretty bad prognosis, but salvageable nevertheless. Fuel up, move forward, move from reverse mode to four wheel drive. We are embarking as we said..

We ask today simply that people contribute based on their means. If you work for a little, you contribute a little. If you drive a small, fuel efficient car, you pay less than the person with the eight cylinder big ride.

With this package, you can pace yourself. If things get a little tight, and you can't afford to buy the gasoline, you can choose to carpool but you couldn't choose not to eat with NSRL choking you.

Mr. Speaker, our seniors worked hard to build this land, and it's said that we could not accommodate them this time round. I asked you to vote for ma and watch ma, we brought them to the top today. I tell you there must be a basic minimum below which this country is not allowed to fall.

I am optimistic about our future, because once again we can aim to produce a graduate in each household after today. Tuition fees have been

removed from the backs of those who could not afford it. To that we now add an entrepreneur in each home.

Yes, there is sacrifice but we cannot promise to serve an omelette down the road, if we refuse at this time, to crack some eggs.

The sacrifices I am asking Barbadians to make in this series of measures are considered by our Social Partners to be reasonable, for the most part, and by international observers, as highly responsible. They send the message that Barbados needs to be sending, if it is to be taken seriously, as wanting to emerge from the abyss of depression and desolation.

Flat on the mat is not where we belong, Sir, not my fellow countrymen. Flat on the mat is not where our founding fathers willed for us to be. I draw strength today from the title of Nelson Mandela's signature works, *Long Walk to Freedom*. Yes, it will be long, and yes, it will be winding, but if we all put our hands to the plough, we can and shall make it back to the Promised Land.

Our country needs us, my fellow countrymen and women. This beautiful country has been good to us. It is now time for us to rally to the cause.

Many years ago, the late Dame Olga Lopes Seale sang lustily to our children and people across Barbados... *“Let's join hands and show how much we love Barbados, Let's join hands and show how much we care. Young and old may work with one another for the freedom which we hold so dear. Let us raise our voices in thanksgiving for the many blessings*

which have come our way. Let's join hands and thank the Lord for living on this Independence Day".

Today may not be Independence Day but today we fight for economic independence and our choices. Many hands make light work. Let's join hands and show how much we love Barbados.

Let us stand today for Barbados for a brighter Barbados tomorrow, punching above its weight.

Above all Mr. Speaker, I leave you with the words All Aboard for Love of Country.

FISCAL MEASURES & IMPACT

- i. Effective July 1, 2018 the National Social Responsibility Levy (NSRL) will be repealed. The Fair Trading Commission will be asked to monitor developments to ensure that retailers reduce their prices appropriately;
- ii. Effective July 1, 2018 the road tax will be abolished and replaced with a Fuel Tax. The Fuel Tax will be levied at a rate of 40 cents per litre of petrol and diesel and 5 cents per litre on kerosene effective July 1, 2018;
- iii. Effective July 1, 2018 the annual registration fee for commercial vehicles will be reduced by 50%. Also, with effect from July 1, 2018 there will be a fee of \$400 charge on the transfer/sale of a private vehicle and \$1,000 on the purchase of a new or second hand commercial vehicle;
- iv. Effective July 1, 2018 in an effort to improve the progressive nature of our tax system to share the burden fairly, we will introduce a **new** higher rate band of 40% on that part of income greater than \$75,000. The fiscal year costs will yield \$41M while the remainder of this year will yield \$31M;
- v. Government is prepared to waive all interest and penalties payable on Income Tax, Land Tax, Corporation Tax, Value Added Tax owed to the Barbados Revenue Authority for the tax years 2000 to 2017 on condition that:
 - applicants have made arrangements with the Barbados Revenue Authority (BRA) between July 1, 2018 to December 31, 2018 to facilitate an agreed payment plan which will include a compliance clause; and
 - failure to meet the conditions set out in the payment plan will result in all interest and penalties becoming payable to the Crown immediately.
- vi. Effective October 1, 2018 government will introduce a Health Service Contribution at a rate of 2.5% with 1.5% of incomes being paid by employers and 1.0% by employees. This measure will raise \$45M in a full year;
- vii. Effective October 1, 2018 the highest percentage of corporation tax will increase from 25% to 30%. This will raise \$57M in a full year;
- viii. On-line transactions undertaken by Barbadian residents will be subject to Value Added Tax effective October 1st, 2018;
- viii. Effective October 1, 2018 an Airline Travel and Tourism Development tax paid by passengers flying outside of CARICOM of USD\$70. Passengers flying within CARICOM will pay US \$35. The revenue gain from this measure is \$95M, with \$75M going to BTMI and BTPI and the remaining \$20 million to central Government;

- ix. Effective July 1, 2018 government will introduce a Room Levy on hotel rooms. The rates will now be US\$2.50 for the B Class and apartments, US\$5.50 for the A Class and US\$10.00 for the luxury hotels per room per night;
- x. Effective July 1, 2018 the levy will be 2.5% Product Development Levy on Direct Tourism Services;
- xi. Effective August 1, 2018 there will be a 10% tax on all shared economy such Airbnb, Homeaway, Expedia etc;
- xii. Government has reached an agreement with the Unions to allow for a zero percent increase in wages and salaries for the period April 1, 2014 to March 31, 2018 and a five percent, across the board, increase in wages and salaries for the period April 1, 2018 to March 31, 2019;
- xiii. Government will from July 1, 2018 raise the minimum non-contributory pension from \$155 to \$225 per week at an annual cost of \$20M. For the nine months beginning July 1, 2018 this would cost the treasury \$13.5M and a full fiscal year \$18M.
- xiv. There will be a temporary increase to the Welfare Department and our poverty alleviation initiatives to the tune of \$5M per annum until poverty rates fall back;
- xv. The undergraduate tuition fees for those persons attending the University of the West Indies will be abolished. This will cost the treasury an additional \$22M annually.
- xvi. A Trust Loan Programme will be introduced within 3 months to offer up to \$5,000 loans to those entrepreneurs without collateral on presentation of a viable, basic expenditure plan. The interest rate will be the same as earned on Barbados government securities. (This Trust Loan Programme will cost \$10M in a full year and will be established as soon as possible.);
- xvii. Safety Officers and additional Social Workers and Guidance Counsellors for 7 secondary schools will be hired for the next school year; A system, of Master Teachers and Senior Specialist Nurses will be established at a cost of \$6M;
- xviii. The opening hours will be extended to 24 hours for two (2) Polyclinics:
 - Randal Phillips; and
 - Sir Winston Scott
 This will be at a cost of \$3 million.
- xix. Three temporary Judges will be assigned to the Supreme Court in order to eliminate the backlog of cases at a cost of \$700,000;
- xx. Sugar Farmers will be provided with a partial settlement in 2018-19 costing approximately \$5M;
- xxi. Government will remove the costs of the Barbados Tourism Marketing Inc. and Barbados Tourism Product Authority from its budget by entering into a Public-Private Partnership between government and this sector. The BTMI will be funded through the proceeds from the Airline Travel and Tourism Development tax which the

Government will collect and handover to the BTMI/BTPI. The BTMI will now be led and managed by the private sector;

- xxii. From August 1, 2018 Government will also remove the expenditure of the Sanitation Service Authority from the budget by funding it through a new Garbage and Sewage Contribution (GSC) to be levied through Barbados Water Authority bills. The GSC for households will be \$1.50 per household per day. Commercial premises will pay a Garbage and Sewage Contribution that will be set at 50% of their existing water bills, with 25% going to SSA and 25% remaining at BWA; we will review the existing sewerage and connection fee being charged to South Coast and Bridgetown Sewerage Plants.
- xxiii. Fix the South Coast and Bridgetown sewage problem with an allocated budget of \$27M;
- xxiv. \$20M to purchase new buses for the Transport Board and \$5M for repairs;
- xxv. \$15M to purchase garbage trucks and tractors for the Sanitation Service Authority;
- xxvi. \$10M to purchase equipment for the Ministry of Transport, Works & Maintenance;
- xxvii. Introduce an essential road repair and debushing programme that will cost \$25M;
- xxviii. Commence a programme to eliminate pit toilets and at a cost of \$10M;
- xxix. Aim to make Barbados more climate resilient ahead of the most dangerous months of the hurricane season including the establishment of a rapid roof replacement programme. This will cost a further \$5M;
- xxx. Expand the Accident & Emergency Department of the Queen Elizabeth Hospital at a cost of approximately \$10M;
- xxxi. A \$2M investment in Smart Bridgetown;
- xxxii. \$2.5M to fix the Supreme Court;
- xxxiii. The sum of \$2M will be provided to strengthen revenue collection at the Customs Department, strengthen the Compliance Unit and revenue collection at the Barbados Revenue Authority, create an Arrears Unit and to cover payments of experts;
- xxxiv. Given the change in the OECD regulations with regard to the residency of corporations, it is expected that a number of companies will now fall into the tax net as a result of the anti-hybrid mismatch rules and thus now make a contribution to corporation tax. This is expected to yield \$60M; and
- xxxv. Government will allocate \$2M for the electrical upgrade of National Housing Corporation (NHC) housing units.

These measures will give a surplus of 1.8% of GDP (\$182 million) to the end of March 31, 2019 and going forward will reduce government's recurring expenditure since these entities will no longer be on governments books. Recurrent expenditure will decline by \$23 million by the end of the fiscal year. New capital expenditure for this fiscal year is \$134.5 million. The net revenue for this fiscal is \$150 million.