



GRENADA



**PARLIAMENTARY DEBATES**

(HANSARD)

**Third Session of the Tenth Parliament**

**OFFICIAL REPORT**

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**HOUSE OF REPRESENTATIVES**

Monday, 28<sup>th</sup> October, 2019

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***House of Representatives Meeting  
held at the Parliament Chamber, Mt. Wheldale, St. George's  
on Monday, 28th October, 2019.***

***Attendance***

**PRESENT**

Honourable Michael Pierre, MP, MBE	- Mr. Speaker (In the Chair)
Honourable Gregory Bowen, MP (St. George South-East)	- Minister for Infrastructure Development, Public Utilities, Energy, Transport and Implementation
Honourable Dr. Clarice Modeste-Curwen, MP (St. Mark)	- Minister for Tourism and Civil Aviation
Honourable Alvin Da Breo, MP (St. John)	- Minister wrf Forestry and Fisheries
Honourable Peter David, MP (Town of St. George)	- Minister for Foreign Affairs and Labour
Honourable Yolande Bain-Horsford, MP (St. Andrew North-West)	- Minister for Agriculture and Lands
Honourable Oliver Joseph, MP (St. David)	- Minister for Trade, Industry, Co-operatives and CARICOM Affairs
Honourable Kate Lewis, MP (St. Andrew North-East)	- Minister wrf Youth Development
Honourable Pamela Moses (St. Patrick East)	- Minister wrf Tertiary Education, Skills Development and Education Outreach
Honourable Emmalin Pierre, MP (St. Andrew South-East)	- Minister for Education, Human Resource Development and Religious Affairs
Honourable Nickolas Steele, MP (St. George South)	- Minister for Health, Social Security and International Business
Honourable Delma Thomas, MP (St. Andrew North-West)	- Minister for Social Development, Housing and Community Empowerment
Honourable Anthony Boatswain, MP (St. Patrick West)	- Deputy Speaker
Honourable Tobias Clement, MP (St. George North-East)	- Member

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***Attendance***

***ABSENT***

Dr. the Rt. Honourable Keith Mitchell, PC, MP, JP  
(St. George North-West)

- Prime Minister and Minister for National Security, Public Administration, Home Affairs, Information and Communications Technology, Finance, Planning, Economic Development and Physical Development

Honourable Kindra Maturine-Stewart, MP  
(Carriacou and Petite Martinique)

- Minister for Carriacou and Petite Martinique Affairs, Local Government and Legal Affairs

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***Prayers  
Motions***

***The Sitting of the House of Representatives began at 2:30 p.m.***

**Mr. Speaker:** Honourable Members, let us pray.

***(House Prayer was said)***

**Mr. Speaker:** Please join with me, as we say, together, the Lord's Prayer.

***(The Lord's Prayer was said)***

**Mr. Speaker:** Pray be seated.

***(Sound of Gavel)***

**Mr. Speaker:** Honourable Members, this Honourable House is now in Session.

***(There were technical difficulties).***

**Ag. Clerk Assistant:** Item 14 – Motions.

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. Mr. Speaker, I beg to move the following Motion standing in my name:

**RESOLUTION FOR THE PURPOSES OF SECTION (45) OF THE PUBLIC  
FINANCE MANAGEMENT ACT, 2015.**

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**WHEREAS** it is provided by subsection (2) of section 45 of the Public Finance Management Act, 2015 (hereinafter referred to as “the Act”) that the Minister may by regulations establish special funds;

**WHEREAS** it is provided by paragraph (b) of subsection (2) of section 45 of the Act that regulations made under section 45 of the Act to establish a special fund shall be subject to affirmative resolution;

**WHEREAS** it is provided by paragraph (c) of subsection (2) of section 45 of the Act that a special fund established under section 45 of the Act shall be established to be maintained for a specified term and at the end of the term the special fund shall be automatically closed;

**WHEREAS** the National Transformation Fund was established by the National Transformation Fund Regulations, 2015 and approved by the House of Representatives to establish the National Transformation Fund;

**AND WHEREAS** it is now expedient that the National Transformation Fund Regulations, 2015 be amended by the National Transformation Fund (Amendment) Regulations, 2019 attached hereto as the Schedule;

**NOW THEREFORE BE IT RESOLVED** that pursuant to the provisions of paragraph (b) of subsection (2) of section 45 of the Act, the National Transformation Fund (Amendment) Regulations, 2019 be now approved by the House of Representatives.

**Question proposed.**

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. Mr. Speaker, the amendment to this Resolution stems from the commitment that we have made many years ago, when we commenced the Structural Adjustment Programme, when we passed a suite of Legislations that required us to move to fiscal prudence, Mr. Speaker, and the Public

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Finance Management Act was one. It was an amendment to an existing Act. It imposed a lot of more control on stringency on the way we utilise the finances of the country.

One other Law was the Fiscal Responsibility Act, which imposed limits, Mr. Speaker, on the amount that we can spend. For example, it introduced the 2% primary rule. It also introduced the 9% of GDP spending on personnel, emoluments, etcetera, and many other, the Procurement Law, all of those, Mr. Speaker.

Pursuant to this, the Public Finance Management Act, we set up the National Transformation Fund, and it was set up as a Special Fund outside of the Consolidated Fund. Mr. Speaker, the people refer to the Consolidated Fund as the 'Deep Hole'. Once it goes into there you must get a series of Appropriations in order to get it out. But, then once it's in the Fund again, you can use it for other things. So, concurrent to the CBI Legislations that were passed, where we get funds, the National Transformation Fund was set up to put the amount of monies coming into this Fund and to keep it outside of the Consolidated Fund.

However, it is still Government's control in the sense that when Parliament, the Legislature sets it up, it will give the Executive authority to the Minister for Finance, it didn't give him that. But, in the National Transformation Fund, Mr. Speaker, it imposed a Board to manage the Fund. You see, the idea with the International Community is that these Funds must be used for specific things, some of them are reproduced, Mr. Speaker, in this Resolution.

But, we promised; we passed the National Transformation Fund Regulation way back in 2016, as the Representative from St. David just reminded all of us. And, then we said, we agreed that 40% of the monies coming into the National Transformation Fund should be set aside into another Fund that we call the Contingency Fund. Yes, the State is allowed to use the balance of the 60% to fund mainly capital goods, but the State should not touch that 40% that you put in there for the rainy days. If the world economy sinks, things go bad and we have a recession, then we could touch it. If a disaster, in terms of hurricanes or otherwise, then we could touch it. So, when a

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Special Fund is set up, you cannot touch that Special Fund, as you would touch the Consolidated Fund, Mr. Speaker.

But, we had promised, since in 2016, to start putting in the 40%. Of course, if you didn't get anything, you can't put in anything. But, we have been receiving from the CBI, but working with our international partners they realised that the deep hole we came from in 2012 and 2013, there were so many things to be done, that everyone sat and we agreed every year at the Mission, yes, yes, yes we allow that. But, now the limit in time has reached. And, so, in 2020, all of us agreed with the International Community that something must be placed into the 40% Contingency Fund, Mr. Speaker. So, we have proceeded with this amendment for approval, affirmative by the House of Representatives. And so, Mr. Speaker, we want to look at the Schedule, which will tell us exactly what the new regulations would say.

And, it is one, we repeal section 11 of the Regulations that is under section 2 of the amendment, the repeal and substitution of Regulation 11 of the principal Regulation, that is the one which said the time before, etcetera since 2016. So, we have to amend that to come in line with the new arrangement that we have made with the International Community and our partners, who did so much for us, Mr. Speaker. And, I am sure the other Members who will contribute with it will tell us all the good things that he has gotten, because we passed those legislations, Mr. Speaker, those bits of legislation. So, although some of the things that are now here, they were originally in the section 11 that was repealed, we either tweaked them away or changed in time.

The establishment of the Contingency Fund, it was already established, Mr. Speaker, so because we repealed it, we're simply replacing it here; "To provide financial resources for relief, recovery and reconstruction costs from a national disaster." It says that's the only reason that you could use it for, (a), (b) or another of the three (3) reasons, "To provide financial resources for facilitating a counter-cyclical fiscal policy in the event of an economic recession or crisis." So, everything goes bad around the world, we could dip into that reserve. And, a third one: "To provide financial resources



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for repayment of debt only under exceptional conditions and not, as part of Government's normal annual debt payments."

So, you cannot say, I have this money in reserve there, so I am going to take out and pay in the normal way. You could only touch it in difficult circumstances. These were not really there in the first amendment. There were other reasons, but we changed it to this, Mr. Speaker.

Payment into the Contingency Fund, it says: "At the beginning of every month," the last Regulation 11 said: "At the end of every month," since 2016, but now we have agreed to, "At the beginning of every month, 40% of the inflows into the National Transformation Fund from the previous month shall be placed into the Consolidated Fund." There is not too much of a difference here, or only it was at the end of every month and here we say at the beginning.

"Unused Monies of the National Transformation Fund in accordance with Regulation 12 (2)"; that is you have monies remaining in the Transformation Fund, when they end, put it in there too. Yes. So, you do a monthly business, when the year end increase it, so you could have more than you 40%.

"All monies directed or authorised to be saved into the Consolidated Fund under any enactment," so, we could find the Consolidated Fund is going too slow with the 40% we have, but we got a windfall from another place and whatever monies we put in there we can't touch it. So, we have enough to run, so we could add again into the Contingency Fund. So, now the Contingency Fund is not only 40%. We say, if we have other financing it can go there too, Mr. Speaker.

The payment out of the Contingency Fund, it says what you can use it for: "In the case of a national disaster, a maximum of 2% of GDP per year for a period of three (3) years, or the costs of the national disaster over a period of three (3) years, whichever is smaller." So, even though you have one billion in the Fund, you can't say, well a disaster hit us, I only need three hundred million (\$300 m), but then I am going to take a five hundred (500) to do other things. No, you can't touch it. It says here what you can use it for and there is a maximum of 2% of GDP you could take out. No matter if you

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damage your 60% of GDP, you could only go from there and take 2% out. So, you will still leave things within the Fund.

“In the case of an economic recession or crisis,” all around the world is sinking economically, “a maximum of 1%”. So, you still have the billion there, but you got to leave it in reserve. You could only take out 1% to deal with the problems that the economic recession may cause.

“If the decline of real GDP persists for three (3) years; or if real GDP experiences a decline of 2% in a given fiscal year;” these are the times that we figure the economic problems, if you don’t get these problems you can’t touch it, “Real GDP experiences a cumulative decline equal to or greater than 3% over two consecutive fiscal years.” So, although we say, if the world would have gone into recession, then you could use it, you could only use a part of it, you can’t take all even if you need it, Mr. Speaker.

Investment of the Assets of the Contingency Fund. We know, Mr. Speaker, that through the Ministry of Health that is responsible for Social Services. So, remember, Mr. Speaker, they are now looking at the NIS, and other things to put funds into it, but they have an investment, and they did a very good investment portfolio. And, I think they had 1.2, we were told, a billion, they invested and over thirty something years, the income from the investment was nearly 50% of this. So, it took thirty (30) years, yes, so you might say, well, fifty (50) is not a loss, they only made 2% per year, but still that’s a significant sum to total, Mr. Speaker.

When we look at 11 (c) (i), “The assets of the Contingency Fund shall be invested only outside the Eastern Caribbean Currency Union and in currencies other than the Eastern Caribbean Currency.” Why? They are saying with this Fund, you must take no risk locally. You must get... US dollars is very strong, maybe the Kuwait Dinars extra strong, you could invest only in these areas, don’t invest in the Eastern Caribbean money where you have a part to play. Hurricane hit you and then you go back and invest in the place, you’re recovering, don’t touch it, whether economical or natural disaster, don’t touch it with respect to investment. When you have your monies there, invest it outside of the region. I don’t know, Mr. Speaker, if my friend from St.

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David, the Member for St. David will say invest it in the pound. We're looking for advice with respect to that.

So, Mr. Speaker, the Board that I refer to, they're managing the Fund. So, the Minister for Finance could only, he must present the facts if these things occur before the Government would be able to withdraw from the Fund. So, "the Minister, on the advice of the Board, shall define the mandate on the rate of return and the overall risk tolerance level acceptable regarding the investment of the assets of the Contingency Fund." But, he could only give advice with respect to investment outside the region.

"The Board shall issue yearly investment directives regarding the assets of the Contingency Fund, subject to subregulation (1)." And so, we see something similar to the NIS again, there is an Investment Board, and the Minister cannot tell them how to invest; he could go, he has a part to play, similarly in this case, Mr. Speaker.

"The Eastern Caribbean Central Bank shall carry the investment of the assets of the Contingency Fund under a Trust Fund agreement." So, while you cannot invest with the ECCB, they have a role to play to see that you're following this and they will put Trustees, because they should understand more than the ordinary man what is a good investment and in which currency to do so, Mr. Speaker.

So, in this regard, Mr. Speaker, we also had to indicate that these Regulations shall come into force on the 1<sup>st</sup> day of November, 2020. Why, the first day of November, 2020? Because we realise that we must start; so we have agreed with the International Community of a minimum amount that should be placed in the Fund in 2020. If we say that we're starting on the 1<sup>st</sup> of January, 2020, then all the inflows from the CBI, you must put in 40%. At the end of the year, you may have there something perhaps of one hundred million (\$100 m), maybe eighty million dollars (\$80 m), but then your programme in the country that the CBI was accustomed to funding would be diminished because you put it into this Fund and you're just watching that Fund there and you can't touch it. This was explained to the IMF and the World Bank, and all the other members of the International Community and they agreed, well, you must start in 2020, and you must put in a minimum of ten million dollars (\$10 m). If we start in

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November we know that within these two (2) months we should meet. We should reach the ten million dollars (\$10 m). If we don't reach the ten million dollars (\$10 m) remember the Regulation, Mr. Speaker, which says you can put it from other means, we better make sure we put it in because we shall not have there less than ten million dollars (\$10 m). But, we all agree that the inflow, the 40% from November, and the 40% from December should give us the ten million dollars (\$10 m). If it does not, if things go bad in the CBI Programme, then we take it from any other Vote that Parliament may give. So, we must come to Parliament, we must come to the Appropriation Act, and say, we have a responsibility to put in the extra monies to make the ten million (\$10 m) there. And, whether we take it from the Contingency's Fund, which is something under the Budget, and which we must set aside that will be accepted and will be allowed, Mr. Speaker.

So, having received significantly from our friends in the international community and having discussed the change in regulations with them and having recognised the problem we face if we put in more than ten million (\$10 m) this year because you look at the Budget they come every so often, all this, Mr. Speaker, in agreement with whatever commitment that we have made to the International Community. I, therefore, Mr. Speaker, commend the passage of this Resolution.

**Mr. Speaker:** Thank you Honourable Leader of Government's Business. Honourable Representative for St. David.

**Hon. Oliver Joseph:** Thank you very much, Mr. Speaker. Mr. Speaker, I stand to give my support to this Resolution. This is extremely important, Mr. Speaker, as we seek to put aside in a Contingency Fund, 40% of the money raised under the National Transformation Fund, because when a disaster strikes, you need to have some resources, some buffer to respond to, and so it is a sort of safety net we are putting in place, so that we can start. We could have something put aside, as a reserve there to respond to natural disasters, or if there is some downturn in the economy, in recessions. And, although these are spelt out by the Minister, the Leader of Government's

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Business, there are some benchmarks still set, you know, Mr. Speaker, because it says that while the Contingency Fund is established, “to provide financial resources for repayment of debt only under exceptional conditions and not as part of Government’s normal annual debt repayments.” We cannot use it for Government annual debt payment, we must budget for that. So, only in exceptional circumstances, you could take out to do that. And, there are triggers; there are certain things that will trigger you using the National Transformation Fund.

It says, for example, Mr. Speaker, “that where a national disaster triggers payments from alternate sources, the amount payable under Regulation 1 (a) is available to the extent that the costs of the national disaster are in excess of payments from alternate sources, including contingent lines of credit and catastrophic insurance policies.” So, in other words, after you get your insurance, so, if you have an insurance for agricultural crops that have been damaged, after you get that, after you get other sources, then you could turn to the Fund, you know. It is not automatic, that you have a national disaster, so you say well it triggers, now we could use the Contingency Fund. It says, if you have your Insurance Policies and all other sources, the Fund, after you exceed that, then you could turn to the Contingency Fund.

So, this Fund is one that has strict guidelines on its use and the way it is invested, not in Grenada, as the Presenter said, outside. We have put it in pounds or US dollars, so saving outside to get return, but it must be protected at all times. And, so, we have this that’s going to come into effect and that is something that we should have actually started operationalising already, and now we have decided that this is the time where we need to put the regulation in place to give effect to this Contingency Fund. And, therefore, I give my full support to it, Mr. Speaker.

**Mr. Speaker:** Thank you, Representative for St. David. Honourable Representative for St. Patrick West.

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**Hon. Anthony Boatswain:** Thank you, Mr. Chair. Did I say, Chair? Mr. Speaker, Sir. Sorry. **(Laughter).** Mr. Speaker, I rise to give my support to the Resolution, as presented by the Leader of Government's Business. I fully support all of the explanations given for the establishment and the application of the Funds, but I have just two (2) queries.

One, the Funds cannot be invested within the ECCB Territory. We have been saying over and over that the EC Currency is very strong. We've been promoting it as a strong currency, and by taking this decision, I am getting the feeling that we are not confident, we don't have that confidence in the EC dollar anymore. I am wondering if that is the rationale. Why not within the ECCU Currency Unit, you cannot invest that Special Fundz

And, the second point I want to raise. In the Budget you have a normal Contingency Fund, in the normal course of business, set aside something. Now, you have a Contingency Fund being established from the NTF. How do we reconcile these two (2) Contingency Funds? I understand, yes, how we use this one, but how about the regular Contingency Fund? What would be its application? Just these two (2) issues, but, otherwise, I fully support what is being presented.

**Mr. Speaker:** Thank you, Honourable Representative for St. Patrick West. Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. Mr. Speaker, I thank my two (2) colleagues for their support to the Resolution. And, I will proceed to answer the question, why not the ECCU Unit? I had the same sort of repulsive system. So, what our currency is no good, our economy is no good.

However, the feeling is that if we have to use it, then we will be in economic trouble, you know, the world recession would have caught up with us, or the hemispherical recession would have caught up with us. So, we should not be taking out monies, when we are under strain. At that point in time, we want all the fundings

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available in the ECCU to be used up in this particular regard. So, we must be taking funds from outside, the investments and the returns must be coming from outside to go into here. And, the risk management was there, explanation given. We will be experiencing the real outcome of the risk, whereas in another area, most likely, we cannot say for certain, but up in North America or way out in Europe, they would not have been facing a disaster and their economy there would have been much stronger, or more resilient to what is happening here. And, the returns that we would get from those areas would be greater. That is to us a risk analysis, and in the risk analysis, and the ECCB, the Bank, supported it. That is why they took the task of being the sort of management, or the Manager of the resources, to manage the investment. So, they looked at which area of the world, or which currency in the world that maybe is far removed from ours that would not affect us most and then they will manage it there. So, in the case that the global economy went down, we will be getting the best results from it.

Similarly, if Grenada is hit by a disaster, you're looking at most likely most of the Region, the ECCB; maybe unlikely, but the ECCB will come on the toll, because if we're hit, it's one currency. If Dominica is hit, it's one currency, so we will come under the problem. So, I am sure that where they're investing, you may have a Central Bank that is so big, yes, and even if one person, one member of that Bank, like the European Central Bank, if one member is hit, Spain, then the rest of them is so big enough that they can take it. But, if Dominica is wiped out, then we, being a small economy, in totality, our economic inertia is so small then we will be affected. So, the risk analysis really led them in that way. They defended vehemently, and I will say the people in Finance really asked some questions about it too. It doesn't sound good on paper, as you read it. So, we had the same sort of negative connotation, but the explanation was logic and economically sensible, Mr. Speaker.

Why two (2) Contingency Funds? This Fund, and we discussed changing the name of it. The one under the PFM, the normal Appropriation Bill is the Contingencies Fund, that is where 2% is put aside. And, remember this Contingencies Fund is a

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normal Budget Appropriation and it replaces the Special Warrant, remember? You can use this; as a former Minister for Finance, you are very versed in this, you cannot use a Special Warrant, as before. You have to have the cash put aside and then you take out the cash. And, once you have exhausted the cash for the year, you cannot, you cannot do anything further, that is fiscal responsibility. So, they are two (2) different Funds, the Contingency Fund under the National Transformational Fund, it's really to do with the disaster and the downturn in the global economy etcetera. But, the Contingencies Fund under the PFM, every year you must get 2% of your total income and rest it aside. But, you're taking that every year. If you want to write, especially on shift, do this, but some unexpected things come in within the year. So, it is sort of a recurring something that you pull out from that 2% Fund, but this one, no. And, that is why the Contingencies Fund is within the Consolidated Fund.

So, the Accountant General and the others could use it to touch your Budget. But, a Special Fund could only be set up by Parliament under the Constitution, and it should be for a special time, we make Laws. The Constitution says that the Parliament in setting up the Fund will make Laws to its Regulation. And, the Regulation for this one says that it must be set up for a special period of time and who could manage it. The Accountant General and the Permanent Secretary in the Ministry of Finance can't touch that Fund, period. It is outside their scope, but the other one they could touch it for the day to day runnings, Mr. Speaker. So, having explained these two (2), I recommend, again, the passage and affirmation of the Regulations, Mr. Speaker.

And, I want to say that these Regulations are needed for the International Community to continue to give us the lovely way that they have been giving to us. If they didn't see it, they would say, well, you have not fulfilled your promise, this is very unlike you, Grenada, but you have not fulfilled your promise, therefore, the tranches that you would be coming in and the Finance Personnel know, twenty million (\$20 m) by the end of next month, and another thirty million (\$30 m) before, all of that would be put on hold. So, it is important. And, remember they worked with us, Mr. Speaker, and institutions sometimes you would come down on them. But, since 2016, we should be



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putting it in, but they realized, you're in a deep hole, you can't do it. So, if it's on one occasion I have to give them credit for understanding the plight of a country it's on this occasion, Mr. Speaker. I recommend the Regulations to this Honourable House.

**Question put and agreed to.**

**Motion approved.**

**Ag. Clerk Assistant:** Item 15 - Bills.

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. I beg to introduce for first reading the Bill for an Act shortly entitled, the Fiscal Responsibility (Amendment) Bill, 2019.

**Ag. Clerk:** An Act to amend the Fiscal Responsibility Act No. 29 of 2015, shortly entitled, the Fiscal Responsibility (Amendment) Act, 2019.

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. Mr. Speaker, I beg to move that the relevant Standing Order of the House be suspended in order to take the Bill through all its stages at this Sitting.

**Question put and agreed to.**

**Relevant Standing Order suspended.**

**Mr. Speaker:** Leader of Government's Business.

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**Hon. Gregory Bowen:** Mr. Speaker, I beg to move the second reading of the Bill.

**Question proposed.**

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. Mr. Speaker, this amendment is keeping the line, as mandated by the Regulations. As you know, the Regulation is a secondary Legislation, the primary Legislation, we build. Although, this Bill is not the parent Act for the Regulation, Mr. Speaker, it has to do with it. And, it refers to section 8 of the principal Act, that's the only amendment, is amended in subsection (3) in paragraph (f) by repealing subsections (i) and (ii), Mr. Speaker.

And, if we look at subsections (i) and (ii), the Fiscal Responsibility Act, 8 (3) (f), it says, "40%", and this is an Act, a primary Legislation, so, we're amending the regulations to make changes, but if we don't amend this Act, anyone could say, well, this is primary Legislation, what are you telling me about Regulations? It says: "40% of the monthly inflows into the National Transformation Fund shall be saved for general budget financing purposes, including contingency spending, natural disaster and debt reduction."

If we listened to the Regulations amendment just made, Mr. Speaker, we could see the drastic change. 40%, formerly, that's what is in the Law should be for general budget financing. So, then it should be in the Consolidated Fund. Yes. So, we in finance would use it as we wish. No, no, no. But, we just agreed with the International Community, and because we agreed with the International Community, Mr. Speaker, I repeat, it's not what they say, it's because we know it is right and the proper thing to do. So, we have extracted it from the normal financing and we put it into a Special Fund that the Ministry of Finance can't touch.

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The second part, items (i) and (ii) says: "At the end of every month, the inflow under subparagraph (i) shall be transferred from the National Transformation Fund account to the Consolidated Fund account." So, you see, it's two (2) accounts, right, and it is not a Fund. You have them in the same place, because the original Regulation says that the Contingency Fund shall just be a sub account, same place in the same Fund, but you have Account 1. You just move from one into the next, so Account A, Account B, but, in the same Bank under the same name, under the same system.

So, we want to remove, Mr. Speaker, delete these two (2), so that you have no conflict with our aim, our intention and our obligation with our international partners. So, if we delete item (i), we are saying that the 40% of the monthly inflows shall not be saved for general purposes, so it is out, including Contingency spending, that's the 2% that the Member from St. Patrick asked about, all within the Consolidated Fund, that's out. So, when we delete this, it's no longer a provision in Law, so it cannot conflict with our obligation that we have made.

And, (f) (ii) says, "At the end of every month, it shall be transferred from the National Transformation Fund into the Consolidated Fund." No, nothing goes into the Consolidated Fund, it stays there only for the uses that we have mentioned here, Mr. Speaker. And, this is the reason, just to bring it into conformity with the Regulations. So, I commend this Bill for its second reading.

**Mr. Speaker:** Honourable Representative for St. David.

**Hon. Oliver Joseph:** Thank you, Mr. Speaker. Mr. Speaker, this amendment is critical, because of what we just did. You see, you have conflicts in Law, one was gazetted in September 2015, and the other one on 6<sup>th</sup> of November, and they conflict. And because we passed this suite of Legislations and we have to maintain fiscal stability and ensure that we do things correctly, I am sure we will have to keep examining where there are any conflicts. And sometimes what puzzles me, Mr. Speaker, you might see in the Public Finance Management Act, and it says: "Wherever

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this Act conflicts with a next Act, this Act shall take precedence.” But, the next Act says that too, you know, the Fiscal Responsibility Act says that also. So, I think the Lawyers need to guide me. I am always confused with that. If it shall take precedence of all other Acts, and then you post a next Act and say it shall take precedence over the next Act, well, I am not sure which one taking precedence.

So, it is important that we make this amendment, as indicated by the Leader of Government's Business. Just because it came three (3) months apart, they were gazetted about two (2) months apart and there was this conflict, because if you leave this, is like the Member for St. West Patrick was asking what happened to the Contingency Fund, we have there. Well, the Contingency Fund that we have there, we could use it, you know. We just put it aside that we could always use. But, in this one, when you put the 40% there in a Contingency Fund, you cannot; and as indicated in previous Resolution, how difficult it is to get money from it and that is the purpose and that's why this amendment is so critical, and I give my support to the amendment.

**Mr. Speaker:** Thank you Honourable Representative for St. David. Leader of Government's Business.

**Hon. Gregory Bowen:** Thank you, Mr. Speaker. I thank my colleague, again, for his always elucid support. But, Mr. Speaker, it would be instructive to note that Item (iii) under (f) was not removed and it says: “Upon achievement of the debt levels pursuant to subsections (1) and (2);” because the Fiscal Responsibility Act, we know, I think all of Grenada know that we're targeting 55% Debt to GDP ratio. So, it says: “Upon achievement of the debt levels, the total sum of receipts from the programme, which are used for meeting the primary balance targets shall not exceed the equivalent of 1.5% of GDP.” So, in other words, they are saying when you meet these things, then you can flex in a little way, but flex in a manner not to cause problems. So, we have not removed that component of it. So, everything is geared now, fiscal responsibility, good control, get down to 55%. But, you know what, Mr. Speaker, some of our Banks, the

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World Bank, the IMF, they are saying try for forty-five (45), although you agree with us and you would be meeting your target, if your Debt to GDP if it's fallen now from 108% now to 63%, and we're going, we say in the next two (2) years, we're going to reach fifty-five (55). But, they are telling us still be careful, while, this is your rule, have an internal policy to get it down to forty-five (45). So, a lot of people are saying, awe, you reach fifty-five (55), when it reaches fifty-five (55) and people would be saying when you reach fifty-five (55), then you can do this and do that. No, they are still advocating that have another buffer, you do not know what would come on stream, yes, national disaster, yes this, yes that, but bring down your Debt to GDP ratio to forty-five (45), then you can breathe, then you can talk.

So, Mr. Speaker, what we are doing now is to really ensure that we continue to get the assistance from the International Community, from our good partners, and to maintain good fiscal responsibility. I commend the bill for its second reading.

**Question put and agreed to.**

**Bill read a second time.**

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Mr. Speaker, I beg to move that the House resolve itself into a Committee of the whole House to consider the Bill Clause by Clause.

**Question put and agreed to.**

**House in Committee.**

**House Resumes.**

**Mr. Speaker:** I have to report that the Bill was considered by a Committee of the whole House and passed without amendments. Leader of Government's Business.

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**Hon. Gregory Bowen:** Mr. Speaker, I beg to move that the Chairman's Report be adopted.

**Question put and agreed to.**

**Chairman's Report adopted.**

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Mr. Speaker, just before I move the third reading, I think I was looking and contemplating, you know, whether or not that we would require the consent of the Governor-General, which was asked. But, I say, the Speaker is well versed in this. If he doesn't ask for it, then it is not a Money Bill and that was my interpretation, too, that none of it is really a Money Bill, we're not taxing people and putting things into the Fund. So, I...

**Mr. Speaker:** And, that is the reason I didn't ask, because I thought that it was not a change per se and it was not new money coming in and you agree on just the money where you have it.

**Hon Gregory Bowen:** I agreed with it, but I say, knowing the experience and wisdom of the Speaker, once he does not ask for it then it is not; that was my interpretation.

**Mr. Speaker:** Thank you for your confidence.

**Hon Gregory Bowen:** Thank you, Mr. Speaker. I beg to move the third reading of the Bill.

**Question put and agreed to.**

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***Adjournment***

**Bill read a third time and passed.**

**Ag. Clerk Assistant:** Item 16 - Request for leave to move the Adjournment of the House on matters of Urgent Public Importance.

**Mr. Speaker:** Leader of Government's Business.

**Hon. Gregory Bowen:** Mr. Speaker, I beg to move the adjournment of this House **sine die**.

**Question put and agreed to.**

**House adjourned sine die @ 3.20 p.m.**

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