



Give us ownership in perpetuity to 2400 acres or more of your prime land, complete freedom from all legislative encumbrances, and all the concessions we ask for. We may build you an exclusive city within a city with few natives beyond the fringe; a playground for our people. We give no guarantees but reserve the right to prosper at your expense. No social, environmental or economic impact studies needed, the positive far out weighs the negatives. Gospel is our word. Forget the people, abide with us and be rewarded.

This conclusion flows naturally from reading the proposal for the Royal Barbados Golf Club Project, the one given "conditional" permission by the Barbados Government.

Sometime ago, Probe International, a Canadian organisation that monitors Canadian aid and trade with developing countries, requested information about aspects of the above project from Thornbrook International Consultants Inc. (TICI) on behalf of a group of concerned Barbadians but without success.

Why would principals supposedly convinced of the viability and success of a project of this magnitude, refuse to even acknowledge the chance to address and allay the concerns of a people whose lives are affected? Why avoid public scrutiny if all is above board? Impact studies are pre-requisites for projects of this magnitude. Probe wanted to know if an environmental study had been done and requested the results. There is nothing in the proposal to indicate that either a social or environmental impact study was done, or that the government considered one to be necessary.

The proposal reads like fiction passing for fact. No clear evidence of start-up capital, financial arrangements already in place are vague and non-specific. The whole project depends on the building and sale of residential units which are in turn dependent on permission for a casino. Far too much is based on data and assumptions purported to be typical of other countries. Barbados is not typical. Figures and benefits accruing to the country flow with the ease of doves from the magician's hat. Emphasis is on demands without any guarantees in return. A proposal purporting to build five-star hotels hardly merits consideration. Such hotels are not built, they are created. There is a big difference between building and creating. Human and other non-economic considerations are neglected. The proposal cannot be said to be in the country's better interest.

#### The Project

The project to be implemented in two phases calls for the following:

- 5 x 18 hole golf courses; club house and ancillary facilities.
- a driving range and teaching academy.
- 2160 residential units.
- 2 x 300 room five star convention hotels.
- an artisan-style retail shopping complex.

# The Great Golf Giveaway

By  
Owen Elliott

- other commercial/industrial facilities.
- agriculture.

**Projected Benefits to Barbados**

Projected benefits over the 1991-1999 building period of \$190.8 m include:

- a grand total of 663 construction jobs.
- 227 jobs (174 full-time) with a payroll of US\$20.4m.
- land purchase and construction \$134.1m.
- residential maintenance and property tax \$13.5m.
- course operation and maintenance \$2.0m.
- administration, clubhouse and locker-room fees \$1.3m.
- income from additional tourism \$19.5m.
- spending by visitors is projected to increase by \$5.4m to \$9.2m. in the 1992-1994 period.

In short, if all goes well, Barbados will be paid \$190.8m over ten years for 2400 acres of prime land.

**Concessions Required**

To satisfy the financing already negotiated, the following concessions are requested, some of which must be extended to non-resident sub-contractors:

1) Tax concessions for SBG, the land development company including waiver of:

- all property transfer taxes and stamp duties on the initial acquisition of all lands.
- all applicable taxes and duties applicable to the purchases regarding the acquisition of shares of Kingsland Estates Ltd.
- all property transfer taxes and stamp duties on the subsequent transfer of such lands to the development company by either SBG or its subsidiary Kingsland Estates Ltd.

2) Tax concessions for the development company including waivers of:

- all property transfer taxes and stamp duties applicable to the development company on lands acquired for the project.
- all customs duties, consumption taxes and stamp duties applicable to all materials and equipment required in the project, including residential units.
- exemption from all corporate tax for ten years after project completion.
- exemption from withholding tax on dividends, interest and management fees paid to non-resident shareholders and non-resident financiers.

3) Agreements regarding foreign

exchange control include:

- approval for the repatriation of all capital, profits and gains from the development to non-resident shareholders.
- approval for non-resident developers to own shares in any corporation associated with the development.
- blanket exchange control approval for all foreign buyers to own property within the project and to be able to use their Barbados real estate as security for loans and obligations contracted outside Barbados to purchase non-Barbadian assets.
- removal of all impediments to purchasers of property within the project, including sale of interests, real property and the repatriation of funds.
- exemption from foreign exchange controls of earnings of all project non-resident

**Concessions would include the right to, operate a casino and a cable TV service, the latter 'with no impediments' from the authorities.**

employees, contractors and subcontractors of the development company and its subsidiaries.

- the right for the development company to operate US dollar bank accounts for the purpose of settlements to foreign creditors and the distribution of projects profits, dividends, interests and management fees.

4) Other concession requested include:

- the right to build and operate a casino to support project financing.
- a cable TV licence with "no impediments from regulatory authorities."
- the private development of their own electrical generation plant.
- permission to pump at least 300,000 gallons of water daily for each of the five golf courses. This apparently exclusive of other water uses.
- permission to purchase "out parcels" of land as it sees fit.
- reduction of the transfer tax from 18% to 1%.
- the right to apply the principal(s) of project accounting. This means everything becomes an expense to be written

off along the way. Accountants should find this interesting.

**Ownership**

The Royal Barbados Golf Club Project is 49% owned by TICI for corporations to be formed whose "beneficial shareholders will be all on-residents" and by SBG, 51% of whose issued shares are "owned equally by Peter Simmons, David Simmons and Philip Greaves." The remaining shares will be owned by non-resident corporations and by the development company which is 100% owned by TICI Trust. The development company will "acquire certain lands and manage the joint venture between SBG and TICI Trust." The balance of the lands will be retained by SBG.

The 51% issued share ownership in SBG raises the issue of conflict of interest. From Japan to Brazil, Italy to the USA, prime ministers, presidents, ministers and other elected officials have been forced to resign and some imprisoned for conflicts of substantially less magnitude.

Raising \$300 million is difficult in the best of times, moreso for a problematic venture in times of recession. The principals appear unable to come up with even the start-up capital. Financing arrangements supposedly in place apparently relate to bank and other loans requiring collateral. An international finance partner is involved but the project is to be financed through the sale of residential units. Little wonder "outline planning permission is sought for the project in its entirety", and a vital pre-requisite is that the "assembled land have an irrevocable government commitment to the project which contemplates expeditious approvals as the project progresses through to its entirety."

Permission based on outlining planning only (without detailed plans), and freedom from all encumbrances, coupled with an irrevocable commitment enables the principals to do virtually as they please. Further, there is little in the conditional permission to restrain them from actions/activities detrimental to the country. One condition, explicit or implicit, in NAFTA, The CBI and the Enterprise of Americas Initiative is the non-confiscation or otherwise unsolicited appropriation by government of foreign-held assets. Official permission with irrevocable commitment effectively ties the hands of any successor to the throne, including Mr. Arthur.

