

THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday July 23, 1991

Pursuant to the adjournment, the House of Assembly met at 12.20 p.m. o'clock.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, (Deputy Speaker)
Hon. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of the Opposition)

Hon. B. M. TAITT, B.A.(Hons.), M.P.A., LL.B. (Hons.), (Minister of Health)

Hon. M. A. KING, Q.C., LL.B., (Attorney General and Minister of Foreign Affairs)

Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P., (Minister of Labour, Consumer Affairs and the Environment)

Hon. N. K. SIMMONS, (Minister of Justice and Public Safety)

Hon. H. A. BLACKMAN, B.Sc.(Econ.), (Minister of State, Ministry of Finance and Economic Affairs)

Mr. O. S. ARTHUR, M.Sc.(Econ.)

Hon. C. V. WALKER, (Minister of Education)

Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)

Hon. E. E. GREAVES, B.A., Ed.M., (Minister of Housing and Lands)

Hon. W. W. HALL, G.C.M., H.B.M. (Minister of Tourism and Sports)

Hon. D. J. H. THOMPSON, LL.B.(Hons.)(Minister of Community Development and Culture)

Mr. H. B. St. JOHN, Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A.

Mr. DeL. O. BRADSHAW

Mr. J. O. TUDOR

Mr. D. W. BOWEN

Mr. G. W. PAYNE

Mr. R. C. EASTMOND, B.A., LL.B.

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, July 9, 1991.

Hon. B. M. TAITT: Mr. Speaker, the Minutes have been circulated. I believe Honourable Members have had an opportunity to peruse them. I beg to move that those Minutes be taken as read and be confirmed.

Mr. SPEAKER: If there are no corrections or observations then let those Minutes stand confirmed.

PAPERS

Hon. B. M. TAITT: Mr. Speaker, on behalf of the Minister of Public Works, Communications and Transportation I am commanded to lay the following:-

The Barbados Port Authority Annual Report and Financial Statements for the year ended December 31, 1990.

Hon. H. A. BLACKMAN: Mr. Speaker, I am commanded to lay the following:-

The Customs Tariff (Amendment) (No. 5) Order, 1991.

GOVERNMENT NOTICES

Hon. H. A. BLACKMAN: Mr. Speaker, I beg to give notice of the following:-

The Stabilisation Tax Bill, 1991.

PRIVATE MEMBERS' NOTICES

Mr. SPEAKER: The Honourable Member for St. Peter - Resolution calling upon the Government to submit to this House proposals concerning the economy and currency of Barbados.

Mr. O. S. ARTHUR: Mr. Speaker, I beg to give notice of the following Resolution:-

"WHEREAS in the Financial Statement and Budgetary Proposals delivered on 2nd April, 1991, the Minister of Finance and Economic Affairs defined as their objective "the overriding imperatives of promoting and securing economic stability with efficiency and equity in our country and in the national interest" and committed Government to "seek to avoid a structural adjustment package imposed from outside with massive lay-offs, painful spending cuts in the public sector, devaluation of the Barbados dollar and rising interest rates."

AND WHEREAS, since the presentation of the Financial Statement and Budgetary Proposals, Government has ordered substantial cuts in all areas of public expenditure approved by the Estimates of Expenditure for 1991-92.

AND WHEREAS the national economy has nevertheless continued to decline in all sectors, most specifically those which generate domestic income, foreign exchange and employment.

AND WHEREAS the critical social factors and consequences of unemployment are being demonstrated in substantial and escalating lay-offs by the public and private sectors.

AND WHEREAS the Rt. Hon. Prime Minister and Minister of Finance and Economic Affairs formally stated on the 2nd July, 1991 the intention of Government to seek assistance from the International Monetary Fund and to negotiate with the Fund a structural adjustment programme in Barbados.

BE IT RESOLVED THAT this House urge Government to submit for our consideration before implementation or ratification any proposals incorporating monetary, fiscal and other measures designed to arrest and correct the continuing decline of our economy, to entrench its stability and growth

and to protect and strengthen the value of our currency."

Mr. SPEAKER: Order, please.

FIRST READING OF BILLS

On the motion of Hon. H. A. BLACKMAN seconded by Hon. E. E. GREAVES, the following Bills were read a first time:-

1. *Bill to amend the Income Tax Act, Cap. 73.*
2. *Bill to amend the Exempt Insurance Act, Cap 308A*
3. *Bill to amend the Consumption Tax Act Cap. 63*

On the separate motions of Hon. B.M. TAITT seconded by Hon. M.A. KING the following Bill was read a first time:

1. *The Stabilisation Tax Bill, 1991*

ORAL REPLIES TO QUESTIONS

Hon. C. V. WALKER: Mr. Speaker, I beg to give notice that the reply to Question No. 21 is ready.

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's sitting.

Hon. M. A. KING: I beg to second that.

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

GOVERNMENT BUSINESS

ORDER NO. 8 - RESOLUTION TO APPROVE THE VESTING IN THE NATIONAL HOUSING CORPORATION OF LAND AT PIPERS AVENUE, LODGE HILL, ST. MICHAEL TO BE DEVELOPED FOR HOUSING PURPOSES

Hon. E. E. GREAVES: Mr. Speaker, this Resolution relating to the acquisition of this land came to this Parliament last year and was approved. What we are seeking to do here today is to vest this land which is at the moment in the hands of the Crown in the National Housing Corporation.

12.30 p.m.

As a matter of fact on the 6th December 1990, three parcels of land at Pipers Avenue, Lodge Hill, St. Michael became vested in the Crown for the purpose of housing development. For the enlightenment of the Chamber the land areas are as follows:

3 987.8 square metres from the estate of Ivy Coward,
1 873.9 square metres, the property of Colin Millington, 3 426.3 square metres the property of Athelbert Watkins.

The National Housing Corporation has developed the area and there are 18 house spots which have been derived from this development and in order for the National Housing Corporation to now complete its work in terms of issuing conveyances in respect of the individual lots, it is necessary for these areas of land to be vested in the National Housing Corporation and it is therefore for this reason that we are seeking, in accordance with the law, to have this area vested in the National Housing Corporation. I therefore, Mr. Speaker, beg to move that the Resolution to approve the vesting in the National Housing Corporation of the land at Pipers Avenue, Lodge Hill, St. Michael to be developed for housing purposes do now pass.

Mr. L. R. TULL: Mr. Speaker, Sir, the Plan for the area under discussion has not been made available to me so I don't know exactly where the place is, but I do know that in Lodge Hill, in St. Michael, far from people being anxious to get new land for housing in that area that many people in the area are seeking to vacate the area and to vacate existing houses because of a serious environmental problem in that area. I am sure Your Honour is aware that the dust problems in the Lodge Hill area have not only caused a number of people to leave their houses but there have been serious problems in relation to the health of a number of people in the area, asthmatics and the like. Indeed there has been a law suit pending in relation to the environmental problems that are up there. I am therefore at a loss to understand how the Government could be providing land for additional housing in an area that is already causing a lot of grief to the residents. I don't know where Pipers Avenue is. If the Minister had wanted to make me aware of where Pipers Avenue is, knowing that I am shadowing housing, he would have made the Plan available to me before he spoke, not after. All I can deal with is the text of the Resolution.

Aside.

Mr. L. R. TULL: So we are talking Lodge Hill, Sir. I would like that the Minister of Health and the Minister of the Environment should pay more urgent attention to that dust problem up there. You would know, Sir, that the problem emanates generally from the concrete works and quarrying in the area. I believe there are three companies involved either in quarrying or in the construction of concrete blocks in that area and that is causing the

problem. I don't think the Minister should lightly dismiss the agony, in some cases, of the people. I have seen some of them and the case has been well ventilated in the newspapers, so every Honourable Member should be aware of the problem. I would just like the Minister to assist us in his reply about the reconciliation of the existing difficulty with the provision of new spots in Lodge Hill.

Hon. B. M. TAITT: Mr. Speaker, I do not believe that this is a matter which requires a lot of discussion but I wish merely to speak to the issue of the environmental problem at Green Hill, which, as the Honourable Member for St. George South has indicated that some part of it might be *sub judice* and I am not certain that the area of land in question falls within the ambit of the issue of the environment but just in case it does, I just wish to state that this area of land in the general vicinity of Green Hill has been inundated with dust and that it is a matter that has been going on for some considerable time.

Now, the Ministry of Health, through its Environmental Engineering Division, has been doing a series of studies and a series of examinations of the area. It is a matter which has to be tested over time to see what are the levels of the dust and to what extent there is danger. The problem seems to stem from the private – I can't even say cement works – as well as a quarrying facility which was in the vicinity. My understanding, Mr. Speaker, is that one of the quarries has been closed and has moved to another area. I think they have now moved to Lears and the other one as I understand it, has been taking steps, under the direction of the Environmental Division, to right whatever wrongs it can. It is a very serious problem in that the quarrying has been going on for a very long time and short of closing down the particular works, I do not believe that we are going to be free of the dust in the foreseeable future.

As to the question of the closing down of the works, I believe that Honourable Members in the House would wish the Ministry to act responsibly and fair in the matter. I just wish to say that should the results of the studies and the recommendation of the professional people require that the works be closed down the Ministry and the Government will have no difficulty or compunction about carrying out that particular recommendation. It however will have to be done as a process of law. There are many people who seem to feel that Ministers have some kind of spasmodic power where they can close down things at will, but the truth is that Ministerial power is not personal power. Ministerial power is constitutional power and can only be exercised in a constitutional way. So the closing of any private works can only be done by and with the intervention of the courts and in a manner that is commensurate with the law as it exists. So, while I am prepared to indicate that we will carry out our responsibilities as a Government I also have to say that we

will scrupulously adhere to the methodology that is required by the Constitution and by law.

When I began, Mr. Speaker, I may have been unclear and I just wish to repeat that quarrying is still going on but the ready mix or block cement that used to be carried on in the area has been moved to another part of Barbados. I believe it has moved to Lears. And the cement, that is the one that was considered to be the most oppressive, that was moved on the recommendation and advice of the Ministry of Health.

12.40 p.m.

I do not believe that I need to say anymore at this stage since the matter, as the Honourable Member has said, is before the Courts and I have to honour the time worn tradition that we do not comment specifically and in great depth on matters which are the subject of litigation.

Hon. H. A. BLACKMAN: I just want to say a few words, Mr. Speaker, about this acquisition. In fact, this acquisition process started during the time that I was in the Ministry of Housing and Lands and most of the representatives of the St. Michael constituencies would testify to the fact that there is a problem of finding good residential land in St. Michael. In an effort to find some residential land in that constituency of St. Michael North, the representative of that area, the Deputy Prime Minister actually took officers from the Ministry of Housing and Lands and myself to look at certain areas in that constituency. This area that is being acquired has now turned out to be one of the few areas in that constituency that could be used for housing.

I would like to say that one of the reasons why this spot was selected was that it was bounded on three sides by very good roads – the Reservoir Road, Pipers Avenue, and on the other side is the main road. The Town Planner, who also went on this visit, noted that the area was located within the area designated for urban development in the Physical Development Plan and that he had no objections to this area being used for housing. I am sorry and it is unfortunate that the spokesman for the Opposition on Housing and Lands, as he said, did not have the diagrams earlier. But I can assure the Honourable Member that this place is quite adequate for housing because all of the amenities are in and there is no problem.

Thank you, Sir.

Hon. E. E. GREAVES: Mr. Speaker, I did indicate when I introduced this Resolution and, as the Resolution states, the land is located in Pipers Avenue. I assumed that when the Resolution said Pipers Avenue that the Honourable Member for St. George South would have known where Pipers Avenue is located, since I know he is so well travelled in Barbados. The Honourable Member then proceeded having assumed Lodge Hill is Green Hill.

If the Honourable Member wanted to speak about the dust problem, I have no problem with that but the location of this piece of land is far away from the particular area of nuisance which the Honourable Member has described. As I understand it, I believe that he is talking about the situation which exists in Green Hill, St. Michael. That is where the Honourable Member is talking about. For the enlightenment of the Honourable Member and Members of this Honourable Chamber, if you go to the Warrens Round-About and take the ABC Highway going West towards the lights at the top of University Hill, Pipers Avenue is situated somewhere to the North of that where the Water Works has a reservoir in that particular area.

I am not at all suggesting, Sir, the dust will not travel that far, because as the Honourable Member has indicated, we get dust in Barbados from Africa so it is quite possible. But quite seriously this is where the area is located. I just thought that I would want the Honourable Member to know that it is not in the Green Hill area but on top of Lodge Hill.

With those remarks, I beg to move that this Resolution do now pass.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

ORDER NO. 9 – TO APPROVE THE SALE OF LAND
AT RETREAT TENANTRY ROAD, SAINT LUCY TO
THE CONNELL TOWN PENTECOSTAL HOUSE
OF PRAYER INCORPORATED TO BE USED
FOR RELIGIOUS PURPOSES

Hon. E. E. GREAVES: Mr. Speaker, in order not to commit the same error of omission, I would want to make the map of the area of land available to the Honourable Member who is shadow Minister for Housing and Lands. It is an area of 232.3 square metres of land at Retreat Road, Saint Lucy which is a side road off of Connell Town in Saint Lucy. It is again part of the strategy which the Government has been using to dispose of land where indications have been that the land is not required for other purposes. As I indicated, all of the various Ministries would have been consulted about the use which could be put to these areas. After consultation and no interest was expressed, it was agreed to sell this disused public convenience to the Connell Town Pentecostal House of Prayer Incorporated for the sum of \$3,000 which the Commissioner of Valuations has indicated that it should be sold for and the Ministry agreed with that.

Sir, this Resolution seeks permission to sell this area of land described as 232.3 square metres for the sum of \$3,000 to the Connell Town Pentecostal House of Prayer Incorporated. I beg to move, Mr. Speaker, that this Resolution do now pass.

Hon. B. M. TAITT: I beg to second that, Sir.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I am not going to oppose this Resolution but I would hope that the Honourable Minister would take note of what I have to say and do justice to the persons or the religious denomination involved here. The Seventh Day Adventist Church has been using the Parkinson School for several years and they have approached this Government since 1986 for a piece of land to erect a church. Around 1985, they sought to have a piece of land...

Mr. SPEAKER: Now let me get it clearly. I have before me here, if the name is correct, John Arlington Griffith, Retreat Tenantry Road, Saint Lucy. Are you talking about this gentleman?

Mr. DeL. O. BRADSHAW: Mr. Speaker, I know when I am relevant, Sir. I am saying that "yes" it has bearing.

Mr. SPEAKER: That is not the question that I asked.

Mr. DeL. O. BRADSHAW: Sir, what I have to say deals with the Resolution as it pertains to the lease of land to a religious denomination for religious purposes.

Mr. SPEAKER: Okay. The Resolution is not as wide as that. It is not that wide. I think that the Honourable Member knows how to get around that problem, but I cannot tell him how to get around it. It is either the Honourable Member will continue to address that Resolution or...

Mr. DeL. O. BRADSHAW: The situation of which I seek to draw to the Honourable Chamber's attention is similar to that because there was a request to have this piece of land leased or sold to them.
12.50 p.m.

Mr. SPEAKER: I think the Honourable Member is aware of the Standing Orders of the House. If you want to make reference to a particular area, the Standing Orders provide that you can put that as a question to the Minister or, on the other hand, you can bring it as a Resolution. I think that would be adequately dealt with in that way.

Mr. DeL. O. BRADSHAW: Mr. Speaker, as I said, I know the religious denomination here involved, in Connell Town. While thinking about them and the way how they conduct themselves and what they will be doing, it reminds me of a similar situation which obtains at Parkinson. As I said, I have no objection to the sale of land, because this particular church has been finding it difficult to find a piece of land to carry out their religious practices, and I fully support that, because especially at this time we have seen the problems in the society, and I welcome the churches and the Government supporting

churches with a view to inculcating in the young people, and people generally, some religious teaching.

From time to time we hear people criticising the churches and I think this is a move in the right direction. At the same time, I would hope that the Honourable Minister considers a request from the Seventh Day Adventist Church which operates out of the Parkinson School so that they too could have a piece of land to erect a church and to conduct similar services like the people in St. Lucy. I would hope that the Minister takes that point and that he would give full consideration to other denominations, especially the Seventh Day Adventist in St. Michael South East.

Hon. E. E. GREAVES: Mr. Speaker, I have heard what the Honourable Member has said and I just want to indicate that we are trying to get this particular matter, which has been going on for many years now, resolved. However, I am aware of the specific case which the Honourable Member has mentioned. As a matter of fact, I think an appointment has been set up for the Pastor of the particular church concerned to come and see me next week.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

ORDER NO. 5 – THE INCOME TAX (AMENDMENT) BILL, 1991

Hon. H. A. BLACKMAN: Mr. Speaker, the amendment to this Act comes about because of certain problems with the Exempt Insurance Act. Let me say up front that Barbados has a very good business climate, especially the offshore business climate – when you take the exempt insurance, the international business companies and so forth – but there are certain problems and certain amendments will have to be made in due course, because operating in the offshore sector Barbados is up against a lot of competition. Although we cannot compete with the no-tax regimes – and we do not intend to compete with those no-tax regimes, because it is almost impossible – we still at least have to compete with the tax regimes which are like Barbados and which will continue for the foreseeable future as being tax regimes.

I am mentioning the Exempt Insurance Act, although the Bill we are dealing with is the Bill to amend the Income Tax Act. The reason for that is that the Income Tax Act has to be amended in order to accommodate the change we are making to the Exempt Insurance Act.

What happened, Mr. Speaker, is that the Exempt Insurance Act as it stands at the moment allows the tax system in Barbados to collect withholding tax from persons involved in the exempt insurance sector for fees paid to attorneys, accountants and so forth outside of Barbados. It was suggested to Barbados, and on good grounds, that that

was a disadvantage in that it was being used by other competing countries similar to Barbados, which tended to point out that there were only certain things in Barbados which are exempt but other things are not. I do not think they are right in saying that, but this one point was being mentioned as a disadvantage to setting up exempt insurance business in Barbados.

As I said, it was represented that this imposition in respect of fees payable to non-residents places Barbados at a disadvantage *vis-a-vis* its main competitors in the industry, since no tax is levied by the other competitors. 1.00 p.m.

If we are to compete with the other competitors, we believe that we will have to compete with them on level ground and on even terms. That is why we are seeking here, Mr. Speaker, to exempt from withholding tax any fees paid by an exempt insurance company to a non-resident for professional services provided to that particular exempt insurance company.

Mr. Speaker, I don't want to go into a large debate on the offshore sector, because I believe that there will be time very shortly when we will have to debate the entire offshore sector when we are coming to amend the International Business Companies Act and to make certain changes in it. I believe that debate will be far and wide. So, I think, at the moment, Mr. Speaker, what I am asking is that Parliament agrees that the fees paid by an exempt insurance company to a non-resident for professional services provided to that company should be exempt from withholding tax and that the Income Tax Act be amended to give effect to that proposal.

With those few remarks, Mr. Speaker, I beg that this Bill be read a second time.

Hon. E. E. GREAVES: I beg to second that, Sir, and reserve my right to speak.

Mr. H. B. St. JOHN: Sir, it is clear to me from the introduction of the Honourable Member that this is an area of Law in Barbados and an area of policy that much thought is not being given to by the Government.

This amendment has very serious consequences on the policy of the Government in relation to its treatment in its offshore centre, in relation to the taxation of people who render services to the offshore centre, not the offshore centre itself. The beneficiary of this is not the exempt insurance company but the people who provide services to the exempt insurance company. Now, Sir, when the offshore regime was set up, it was recognised that one of the benefits that would flow from having an offshore centre in Barbados was that Barbados would have a core of professional people skilled enough to render most of the services required by that sector. We felt that because of our

educational system, we were capable of producing the desired variety of professional expertise that was necessary. We also had, as a matter of policy, decided that insofar as there was a deficiency that we, through our immigration policy and through our income taxation policy, would encourage these various offshore entities to bring people into Barbados for the purpose of providing the requisite professional expertise, insofar as it was deficient in numbers or quality in Barbados. Hence, the amendment to the Income Tax Act to give a special tax break to these people.

Now, Sir, unfortunately, there is a lobby in Barbados headed by a number of people who are accountants, well qualified accountants – I am not casting any aspersions on their expertise as accountants – but greedy. They wish to use the offshore sector as a mechanism to persuade the Government to bring into Barbados a special regime for them whereby they would be able to operate without paying any tax at all, at all.

Now, Sir, I warn the Minister of Finance the experience of all governments has been that you have to be careful sometimes with the people who are asking you to make amendments because on face value the amendments appear to be beneficial, but in truth and in fact, they are designed for personal reasons. When you look at the totality of this Act and you see the exempt insurance companies and you see that special privilege that has been granted to accounting firms... Now Sir, I am not in favour of that at all. I am voting against that.

There is no hallowed and special category of treatment that any accounting firm is deserving. If you tell me that, I say in my scheme of values, why don't you give the same thing to medical people? Why don't you give the same thing to engineers? Why don't you give the same thing to doctors and others? It is a very serious thing, because what you are doing is, you are ceding to foreign tax authorities money that should be taxed here. This is the source of the income. The professional services are rendered for people here, and here it is you are saying that if the people here are bringing in people from outside to do the work, they are not resident. So, therefore, although Barbados is the source of the income, you are saying you are not taking out any withholding tax, which is the normal rule that applies to all non-residents earning income in Barbados. You are saying, "I am going to exempt you so that if you come from the United States of America, the United States of America will get the benefit of this."

I know that the Honourable Members on the other side are persuaded that this is necessary in order to attract more exempt insurance companies, in order to attract accounting firms. Sir, we have all the Big Seven. They are not even the Big Seven now. They are all merging now worldwide. I think there must be only the Big Five. I want to say this to Honourable Members. The firms that you see

here are partnerships in Barbados and they probably have one partner from abroad. They are Barbadian partnerships.

When they talk about associate firms... In this legislation here, I am trying to look for "associate". What is an associate firm? Tell me what is an associate firm? I am asking as a matter of principle if an associate accounting firm in Barbados gets advice from its associates abroad, what constitutes an associate. We have already had problems with branches. We are now going to deal with the nebulous concept of associate and with no definition in it. You are going to say that if one of the Big Seven decides that they are going to call upon their brethren abroad, who may be a partner here, but he is also a partner in the firm, wherever he is – usually in the Cayman Islands. They like the Cayman Islands. The reason being very simple that no withholding tax is paid here. This is a most discriminatory piece of special legislation that I have seen any Government have the gall to bring here before the Legislature, to give this specialised treatment for these firms. They are leaking off tax dollars and the last thing in the world that this Government could afford to do is to give up taxes. You can't afford to give away any taxes. You can't pay anybody anything that you owe them. This Government is broke. It needs every cent. You are talking in the context of a wage reduction, a massive cut down. You hear the Governor of the Central Bank – everybody... It is a matter of public knowledge now that the Government is so broke, so incapable of paying its daily bills, that it is asking for people to have a drastic wage reduction in Barbados and the Honourable Member on the other side...

1.10 p.m.

Hon. B. M. TAITT: On a point of order. The Honourable Member cannot say that the Government is not paying its daily bills. All the Honourable Members got their salaries. I ask the Honourable Member to withdraw it. It is improper for the Honourable Member to say that the Government is not paying its daily bills. If the Honourable Member can indicate that he has been unable to get his salary....

Mr. H. B. St. JOHN: The Honourable Member knows that within his own Ministry that the Ministry of Health has not paid its quarterly bills up to now. You know that. If you do not know you should know.

Hon. B. M. TAITT: Sir, on a point of order. The Honourable Member is now saying that the Ministry of Health has not paid its quarterly bills. I am stating categorically that nothing unusual has happened with regard to the payment of bills over the last ten years. There is no change from when the Honourable Member was Minister of Finance. I think it is wrong to give the impression that

somehow the Government cannot pay its bills. It has been paying every bill that has been properly presented.

Mr. H. B. St. JOHN: I do not know that the Honourable Member really wants to stand up in here today and contradict the Prime Minister. The Prime Minister has made it clear that Barbados is in a serious economic position. Part of the serious economic position that Barbados is in arises from the fact that the Government is spending more and committing itself to spend more than it has in revenue. How can you sit down in here without a serious...

Aside.

Mr. SPEAKER: I will not permit any shouting across the Chamber. I think Honourable Members understand my position in respect of Members speaking.

Mr. H. B. St. JOHN: The Honourable Member had better not shout at me because countries and individuals have problems so let us deal with this. The basic position is that this Bill attempts to cede money and it is not right. It is unnecessary. There is no case that can be put forward that because an accounting firm has to call in expertise from abroad and that expertise makes a charge for its fees that it would be beneficial if the charger of those fees is given a relief from a 10% withholding tax. That is what you are saying. Why are you giving them the special treatment? The answer is simple. You are paying for the favours that were granted to you by special accounting firms in Barbados. You are paying for the support that was given to you.

Hon. B. M. TAITT: On a point of order, Sir. I submit that the statement is improper and should be withdrawn. The statement was "you are paying for favours that have been done to you." "You" only mean Members of the Government. I submit that the statement was improper. I ask the Honourable Member to withdraw it and that it be struck from the records.

Mr. SPEAKER: What I would suggest to the Honourable Member is that he be a bit more specific so I would not have these interruptions for explanations. I think the Honourable Member could be a little more direct so that I can make a proper ruling. Generalised statements are very difficult to make. In any case, the "you" would have to refer to the Speaker who does not operate in that sphere. The Honourable Member can continue.

Mr. H. B. St. JOHN: I am continuing, Sir. Let us look at the accounting firms in Barbados. You can find them in the back of the telephone directory. There are two types. There are members of the Chartered Accountants in Barbados and there are people who are public accountants who, by virtue of the stamp of approval of the Minister of Trade, were practising accountancy in Barbados prior to the

bringing of the Accountants Act in Barbados. The main category of accountants would be the chartered accountants who would be the beneficiaries under this Bill.

I want to know who petitioned it? I want to know when the representations were made, and by whom, that this was a deficiency? How can you have a deficiency? As far as I understand it, the competence of all of the accountants in Barbados is part and parcel of what we sell abroad as making Barbados different from the other jurisdictions. When did the lobby start to operate?

This legislation is exceedingly wide. When you look at this what are we doing? What are sensible people doing here? Sitting down and passing a law that says "an exempt insurance company licensed under the Exempt Insurance Act or a professional accounting firm other than such a firm acting as agent for an exempt insurance company, carries on business in Barbados and pays to a non-resident company or to its non-resident associate accounting firm, as the case may be, an amount on account or in satisfaction of liability for fees or charges" – this is the thing, Sir – "for providing professional services" of whatever ilk, not even accounting professional services. So the accountants now can say that they can provide any kind of services.

Aside.

Mr. H. B. St. JOHN: They cannot provide legal services. That would be contrary to the law. Like the services that you like to provide.

It goes on to say "in assisting the exempt insurance company or professional accounting firm in Barbados in servicing"... You understand the Honourable Member is servicing... "the international, financial and business sector." Anything at all they do they can claim as professional services. It is not in servicing the exempt insurance company. It says "in servicing the international financial and business sector." Sir, the width and breadth of that is exceedingly great. What is the limitation on that?

Now, Sir, I am 1 000% in favour of the service sector in Barbados. It was the Barbados Labour Party after all that conceived the idea of trying to attract professionals in Barbados to provide services for international companies using Barbados as a base. We sent the former Income Tax Commissioner to Australia and to the Pacific who had specialised in this. But there have to be some limitations upon the voracious appetites of these people.

They are internationally known as projecting themselves as the provider and know-all of everything on earth when it comes to business or anything like that. What you are telling me here is that an accounting firm can get an exemption if it hires anybody to provide any service at all in servicing the international financial and business sector. Sir, I want that to sink in. You are not limiting the

accounting firm to get expertise from abroad to help it to service its clients in respect of its capacity to carry out accounting business. You are saying "Oh no. He can get any kind of professional services".

Now, Sir, we cannot agree with that. The real truth is that this Government finds itself in a position in which it has so bastardised – I am using that word advisedly, Sir – the tax system in Barbados, particularly the one in relation to income tax, between the period of time since 1986 that it has had the reigns of power in Barbados in total confusion.

1.20 p.m.

You have bastardised the income tax situation in Barbados, that is what you have done. Because now you have the Act in so much confusion that the only way out, is not these series of ad hoc bits of bills, every time a lobby says, well look I want to get tax ease from here ... Tax ease, the people of Barbados want tax ease. Why are you giving preference to such a narrow group of people. Why are you doing that? Why are you saying that if a doctor needs to get a consultation from his friend abroad and he tries to get the consultation that the friend abroad must pay tax at ten per cent but if an accounting firm wants to do that he can get an exemption.

I know the Honourable Member for St. Philip North, sorry St. Philip South, I forget the Honourable Member for St. Philip North knows nothing about this. I was dealing directly with the Honourable Member for St. Philip South. He would not understand the implications of this. In so far as it comes to dealing with surveying or matters of that kind, in relation to valuations, or in relation to town planning applications or in relation to things like that, that is his area of expertise and he will understand that very often he has to call in. If you were an accounting firm and Franklin and Franklin was consulted by a person for the offshore sector and he wanted to get some special print out or some special computer plan prepared and he had hired his associate in New York then he would be able to advance the view that he was rendering professional services to assist an exempt insurance company or a professional ... You see accounting, you get blocked. I can't understand that Sir. Why do we discriminate here? This is the injustice contained in this. We are not to allow it. We cannot sit down here and say that as far as the Government is concerned that in so far as the offshore sector is concerned, the only group of professional people who are entitled to specialist treatment are accountants. We cannot do that. The gist of the injustice in this is that you are trying to project to the world that in so far as the Government of Barbados is concerned the only group of professional people whom they recognise as deserving of special privileges are accountants.

Now, Sir, that is wrong, Sir, because you are narrowing the base of people who are coming forward to

help you with this offshore sector. The offshore sector, the engineers and people like that, play equally an important part. The engineers, especially your computer specialists, and the computer specialists must not be pushed into a position that they must go via an accounting firm in order to get the benefits of this thing. They must not be pushed into that position. Make up in your minds what regime you wish to have. Make it non-discriminatory, make it a regime that has some kind of sense and not one which is as a result of special pleading. This is special pleading. We know that this is special pleading and special pleading pushed you into a position where you are playing a big boo boo. That is the position. This cannot be right.

I want Honourable Members to understand this, we are not against ... I want to repeat it... We are not against having a special regime which recognises that it is necessary for Barbados to be able to provide the totality of professional expertise needed by the offshore sector. We are all in favour of providing that regime, but we are not going to be in favour of providing a special regime for a special group who regard themselves as being the embodiment of all wisdom which the offshore regime needs. We are not in that. They are specialists, there are people, there are management consultants who are specialists, there are engineers who are specialists in this. There are all kinds, a wide variety, and that is the gist of our objections in relation to this. We have to be careful about what we are doing. It is too wide, Sir, and I hope that the Honourable Members on the other side will postpone this matter.

This is another serious thing, Sir. How can we be expected to deal with this as a matter of principle, this important and fundamental point, when we got this Bill on Friday. People got this Bill on Friday. I believe some of us may not even have got it at that time. You got the Bill on Friday, today is Tuesday. How could you consult with other people. I tried desperately to consult with people in the field, in my own profession, who I know specialise in this field, to find out the origin of this and I have not been able, yet, to get them, because some people at this time would be out of the island. Today, Sir, I am looking at this, Sir, and I am operating on looking at the words and I feel this is too important a point, too wide ...

Aside.

Mr. H. B. St. JOHN: Don't mind what is on the files. Don't mind that, because I would like to know. I have not heard any discussion on this at any of the seminars, that is any disability. Sir, the Barbados Government paid money recently for a report on the future of Barbados as an offshore financial centre. The Barbados Government ... I am not saying there is anything wrong with paying money to get an update on the comparative position of Barbados and its competitiveness especially in relation to how competitive it is, but there is no way in that report that we

have seen any recommendation that an exempt insurance company and an accounting firm must be granted special tax breaks. I just want to make it clear, Sir. When this regime was conceptualised we envisaged that people would come in here to provide the services. We envisaged that there would be formation of partnerships between Barbadians and non-Barbadians in professional services. We did everything possible to try and get that, but this is a back door method of destroying that concept and I am not going to agree to it. I don't think it is right, Sir, that we should pass legislation which facilitates the leakage of further foreign exchange in Barbados.

These people are not going to work for Barbados dollars. Let us get that straight. These people are not going to work for Barbadian dollars, they are going to work for U.S. dollars and you are facilitating, because now ... Look, Sir, if an associate firm, and this is the thing that worries me, that people can't see this. An associate firm of a Barbadian firm – the mere fact that you call it associate means there has got to be some kind of association – can get an exemption from withholding tax. Now what is to stop the associate firm, if they do not have the same kind of moral scruples that all of us in here have, from saying to their associate abroad, "charge the sky man. You are not going to have to pay tax, but if we got the money here we may have to pay tax, so you charge the sky, we pass it through the books, paid to So and So for professional services and we split thereafter".

Don't tell me, Sir. Nobody is to tell me that these things are not done. The experience of mankind is, that if you provide a gap they have got to be some people who will exploit that gap. Don't tell me that, I am not dumb.

Now look at this, you are providing, Sir, a highway for these things. I can't vote for this. I am not going to vote for it because I am not going to deal with this special privilege. No special privileges for me. I don't mind if the accountants curse me, that does not matter to me.

Aside.

Mr. H. B. St. JOHN: That is correct and it still does not matter to me. So the position is that they managed to inveigle the Government into passing legislation to give them special privileges and I am not in that, Sir.
1.30 p.m.

I am opposing this part. There is no rational explanation or anything for this, Sir.

Hon. B. M. TAITT: In light of the observation made by the Honourable Member that he only got the Bill on Friday and that he wishes some more time to examine it, we on this side in keeping with our wish that any

legislation in this field should be legislation that has a broad support and can appeal as a national piece of legislation are prepared to postpone the legislation for further consultation.

I beg to move that further consideration of this Bill be postponed.

Hon. H. A. BLACKMAN: I beg to second that.

The question that further consideration of this Bill be postponed was put and resolved in the affirmative without division.

ORDER NO. 7 – TO MOVE THE FIRST
READING OF A BILL TO AMEND
THE CONSUMPTION TAX
ACT, CAP. 63

Hon. H. A. BLACKMAN: Mr. Speaker, during the Financial Statement and Budgetary Proposals of the Honourable Prime Minister, he stated among other things that he had decided to remove the Consumption Tax on packaging materials for use in the pharmaceutical industry and in all other manufacturing activities with immediate effect. Mr. Speaker, he also went on to say in those Proposals that he would remove the import duty and consumption tax on computer parts so that whether the computer is imported, assembled, or in parts it would not attract import duty or consumption tax. The Honourable Prime Minister went on to say that spare parts also will be free of those imposts.

This Bill, Mr. Speaker, is to put those Budgetary Proposals into effect and, with those remarks, I beg that this Bill to put those Budgetary Proposals into effect be read a second time.

Hon. W. W. HALL: I beg to second that, Sir, and reserve my right to speak.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, this legislation arises out of the Budgetary Proposals presented to the House earlier this year.

Aside.

Mr. O. S. ARTHUR: I want to assure the Honourable Member for St. Philip South that I have, Sir, with your grace and your leave, before the House a Resolution that would allow me to debate or do precisely what he does not want me to do, Sir, that is to have a full debate on the economy. With your leave, Sir, that Resolution may be discussed at its earliest opportunity.

This Resolution is intended to give effect, Sir, to the Budgetary Proposals or a measure that was contained in a Budget itself which had as its broad objective so stabilizing

Barbados that Barbados would not have to seek a structural adjustment programme. Mr. Speaker, Sir, that commitment to stabilize Barbados so that it does not have to seek a structural adjustment programme has now gone through the window and in many respects these bits and pieces of tax amendments that have come out of that set of Budgetary Proposals, Sir, obviously will be as much overtaken as the broad objective of the Budget itself. I am saying all of that to say the point that Barbados' overall indirect taxation system – consumption tax system, stamp duty system, and the whole system of import duty is in dire need of a complete overhaul.

I think that the Member for Christ Church South in speaking earlier today, Sir, to the Income Tax Amendment drew reference to the way in which the Income Tax Act has been bastardized by the continuous amendments to placate the whims and fancies of specific interest groups and even to a greater extent, Mr. Speaker, the Consumption Tax Act and other aspects of our indirect taxation regime has really been bastardized and changed by ad hoc whims and fancies to the stage where nothing but a complete overhaul of our indirect taxation system can really now suffice.

I remember, Mr. Speaker, as far back as 1987 warning the then Minister of Finance of the dangers of thrusting our taxation system too heavily towards our reliance on indirect taxes for the reason that he must wear two hats. He must protect the public revenues as well as the external position of the country. If he puts our country in the position where revenues come largely from trade and if the circumstance ever arose where he had to protect the balance of payments, he would find that because he depends upon trade and imports for his revenue that he could not do both. It is sad to say that Barbados has come to the stage where Government is now finding that because of the tremendous imbalances in our dependence on trade and taxes on imports for revenue that if you were now to make serious efforts to bring the balance of payments under control the first casualty of any effort to bring that balance of payments under control would be Government's revenues.

1.40 p.m.

Too much of Government revenue depends upon taxes on imports. Therefore, when I say there has to be an absolute and complete overhaul of our indirect taxation system, that overhaul is mandated by the need to put back the Minister of Finance of Barbados in a position where he can safely manage both balance of payments as well as the revenue position without fear that actions in one area will be compromised by actions in another area.

Sir, we can discuss these trifling amendments, conscious of the fact that shortly the Government of Barbados, as part of any structural adjustment programme, will have to undertake a complete overhaul, Mr. Speaker,

of the indirect taxation system, an overhaul, Sir, sad to say, that has now to be imposed from outside, because the warnings have been given long ago that the direction in which the country was heading was one absolutely to its disadvantage.

In relation to this specific piece of legislation before the House, it is to be noted that the legislation is intended to serve the worthy purpose of relieving computers and other types of information technology from the payment of consumption tax. I believe that the Government would already have been advised of their particular difficulty in this matter, that whereas computers and other forms of software have been relieved of the payment of consumption tax, the stamp duty still applies. If it was really Government's intention to provide a relatively tax free regime within which Barbadians can become computer literate, the continued imposition of the stamp duty on computer software and other such equipment is a disability still in existence.

It is an important disability, Sir, because whereas the Minister of Finance has the power, by legislation, to waive the consumption tax, he does not have the power in law to waive the stamp duty. He cannot waive the stamp duty, so that if the opposite was the case, then the Minister of Finance would have been in a position to act, and before, to relieve the pressure that is being faced by persons who want to import computers. If Parliament was being asked to abolish the stamp duty, then the Minister, if he so saw fit, could have waived the consumption tax because he has the power to do so in law. The Minister can waive the consumption tax, as we are requiring him to do, but he has absolutely no power to waive the stamp duty. Therefore, a very important disability still remains in the face of those persons who want to import computers and believe that they are being allowed by Government to import computers and other software free of duty. The stamp duty still has to be paid and we would urge, Sir, that if it is indeed Government's intention to relieve this area of activity of the penalty of indirect taxation payments, then it should give effect to the removal of the stamp duty as a matter of course.

Mr. Speaker, the question that will arise is what kind of indirect taxation system we would want to see operating in Barbados in order for us to reach the stage where we can agree that a proper indirect taxation system obtains in the country. On this side the Barbados Labour Party has already indicated that we are in favour of an indirect taxation system which does not impose any tax on goods that are used as investment goods for the purpose of producing exports in this country. We believe that if Barbadian exporters are to become competitive, then in a total sense the paying scene would have to be level.

If I may use an example, Sir, a person producing textiles in Barbados has to import the fabric from

California, let us say. The persons in California do not have to pay consumption tax or stamp duty on the commodities, so in order for a Barbadian producer to compete with a Californian producer of the same commodity, they must be put within the same kind of tax regime. For that reason, Sir, we would welcome any change in the indirect taxation system that allows a no-tax regime to apply for any goods that are used in the production of goods for export. Unless that condition applies, Barbados will never ever be able to compete in extra-regional markets.

It must also be clear to Government that the only reason why a suitcase trade can exist in Barbados is because the level of consumption tax is too high. It must be clear to Government that part of Government's difficulty in raising revenue is precisely because it has raised the level of its indirect taxes so high that it can profit the ordinary person to incur the expense of air travel to New York, purchase a small amount of commodities to fit in two suitcases, and that person in the face of that expenditure can come back to Barbados and sell those commodities at a profit, because they, in many cases bring those commodities through the airport free of duty. The mere fact that a suitcase trade exists in Barbados is, in and of itself, evidence that Government's consumption and indirect taxes are too high. The sheer severity of Government's indirect taxes, accumulated not over a period of years, but particularly since 1987, is that the base of the decline in Government's revenues which has been observed particularly in the last two years, Sir... I am submitting to the House that the level of indirect taxes in Barbados is so high that it has not only caused domestic activity to shrink, but it is now making it possible and profitable in this country for persons to find their own way of evading the taxation system and make a profit in so doing.

It should begin to occur to somebody in Government that a relatively low, uniform rate of tax which everybody should pay must be preferable to a very high rate of tax which very many sections of the society manage to avoid, whether by making special application to the Ministry of Finance or by using whatever means they can to avoid the formal system. Let me give you a case, Sir. Very high rates of taxes on things like lorries invite special interest groups in the private sector to urge a case for the waiver of those taxes. We have found, for example, where the construction industry argued the case for the waiver of taxes, people in agriculture argued the case for the waiver of the taxes; and what happens as a consequence is that you have very high rates of taxes existing in nominal terms, but because the taxes are so high that people cannot afford to pay them, interest groups apply to Government, seek and get waivers, and the only people who end up paying these very high rates of taxes are people who do not have lobbies on their behalf to get the waivers that they seek.

Extremely high rates of indirect taxes, Sir, are dysfunctional and eventually they lead to a reduction in the yield of revenue. I am suggesting to Government that as part of its overall look at this level of indirect taxes which have now reached the stage where it makes no sense, it gives consideration to having in Barbados a relatively uniform standard rate of tax which has to be paid. The point is, Sir, if you tell a man he must pay a 50% rate of tax on a lorry, he will ask the Minister of Finance for a waiver and the Minister will charge him, if he is in agriculture, 5%. No similar case can be argued for the waiver. Logically, therefore, it must become important in this country that if we are going to maintain the tax yield those two things must be done. The export sector of this country must operate in a regime where it can compete with equivalent producers in the rest of the world, and rather than have this extraordinarily high rate of taxes on goods for other people, which most people end up not paying, it would pay Government if it were to impose a nominal, relatively low rate of tax on everything else, to be paid by everyone.

That is to anticipate a debate to come. The point we want to make in this debate is that as it stands now the consumption tax and all other forms of indirect taxes being charged by Government are in an irrational state, they are a deterrent to the doing of business in this country, they have accumulated over the course of the last four years, their full impact is now being felt in terms of a reduction in the yield from tax, despite the fact that the tax rate itself is at the highest level in the history of this country. When Government finds itself in a position where the tax rate is at an historically high level but yet the tax yield is declining, a wise Government would take note of the dangers thereby implied and reduce the tax rate in the interest of expanding the economy and also improving Government's revenue. It is in that context, therefore, Sir, that in anticipation of the debate with Government next week that I speak.

I am limiting my speech only to discourse this morning on the infelicities of Government's indirect taxation system as they had been inherited since 1987. I really must say to the Government, Sir, that it could have heeded the advice that was given as to the dangers of going too far, too fast, in its dependence on indirect taxation. That advice was given often. I remember in the 1987 Estimates Debate I warned the then Minister of Finance that he was putting himself in a "box o' bricks". Those were my exact words, Sir. I warned that no Minister of Finance should ever put himself in a position where he could not defend the balance of payments by instituting measures to control imports. We have inherited, thanks to the successive policies of Ministers of the Democratic Labour Party, a taxation regime in this country, which makes it now virtually impossible for a Minister of Finance to protect the balance of payments by controlling imports because his tax yield itself depends upon imports. That, Sir,

is the most foolish form of taxation system that anybody could ever want.

1.50 p.m.

Mr. Speaker, the Member for St. James South is complaining about BLP's squandermania, and I keep reminding him, Sir, that the only squandermania that the BLP was ever involved in...

Mr. SPEAKER: I think the Honourable Member has now gone off the target. Stick with the Resolution. I am not entertaining that kind of debate.

Mr. O. S. ARTHUR: You are urging me to ignore the Member for St. James South.

Mr. SPEAKER: Because the rules say that the only person I should hear is you.

Mr. O. S. ARTHUR: I just wanted to make the point for the record that, as far as I am aware, the only form of squandermania that a Barbados Labour Party administration ever involved itself in was to vote almost \$100,000, if I recall, to meet some legal fees that were incurred when a Magistrate unlawfully committed some university lecturer to the mental hospital in a reckless way.

Mr. SPEAKER: It seems to me that I will have to strike something from the records. There appears to me that something is not relevant. If the Honourable Member is finished or if you have completed your speech, do so.

Mr. O. S. ARTHUR: I am about to finish by saying that this is really another form of piecemeal amendment to the consumption tax. I suspect, Sir, in all good faith that we will have an opportunity in due course to discuss a more fundamental change, in not only the consumption tax, but in the overall range of indirect taxes, to reflect the need for this country to have a regime of taxes that can promote exports and that can allow the domestic economy to expand without there being the concurrence of balance of payments problems or fiscal problems to the extent, and of the nature, that this country is experiencing today.

I am obliged to you, Sir.

Hon. B. M. TAITT: I think I am going to speak now, Sir, because it is only five minutes to two and to deal with what the Honourable Member said wouldn't take longer than five minutes.

First of all, the Honourable Member amazed me because he addressed this Bill as he came to the end as if it were new and different and coming for the first time when in fact, it is a consequence of the budgetary debate. He said it at the beginning and then he is going on to make a large case about consumption tax and he repeated most of what he said in the budgetary debate.

Now, Sir, I did not interfere and get up and draw to Your Honour's attention anything relating to how consequential bills from the budgetary debate are dealt with in debate, because I do not ever wish anybody in the Barbados Labour Party to have even the slightest semblance of a ground on which they can say we did not wish to discuss anything at all. These days their attitude is that they must first put up a smoke-screen, shoot it down and then tell the people that we were afraid of a war. That is their methodology. I understand it. So we leave them alone and let them press on.

I want to make a point, Sir. The Honourable Member spoke and the whole premise of his submission is that the Minister of Finance has no jurisdiction, capacity or authority to waive stamp duty. I had an old teacher – he wasn't so old, he was peculiar – called Brooker who used to teach mathematics, and one of his maxims was that if the premise is wrong the conclusion must be wrong. Anybody who went through that class would remember. I was only eight. It is that I learnt it when I was eight, but Honourable Members have not learnt it yet. I will demonstrate that all that he said is invalid because during his regime they put a law on the statute books which allowed the Prime Minister to turn water into wine – the Minister of Finance, any Minister of Finance. Chapter 67B – Duties, Taxes and other Payments (Exemption). This is an Act which was brought in by the Barbados Labour Party. I am amazed that they don't know. Why does not the Honourable Member for Christ Church South tell his colleague from St. Peter what law is on the book? Here is what it says – Section 3:

"Notwithstanding anything contained in any enactment, the Minister of Finance may by order grant to any person, business or undertaking exemption from the payment of any duty,"

(stamp duty is a duty tax)

"tax or other money."

So, Sir, the Honourable Member regaled the House only now to discover that what he was saying was not valid because he said that if in fact the Minister had this power he would support the Bill without any more. I am showing that the Minister had the power so he should really get up, apologise, withdraw everything he said and support it. That is what you should do logically. Of course, logic and the Barbados Labour Party are strange people who pass each other in the night and don't speak. So, I do not expect him to get up and say he was wrong.

Asides.

Hon. B. M. TAITT: The Honourable Members speak with authority on certain arrangements. The Barbados Labour Party are the only people in Barbados with

experience in signing that thing. So if the Honourable Member says that we still have to sign the thing, I take his word because he knows more about going to that place and signing that thing than any of us over here. We are neophytes in the field of the IMF. We are not the kind of veterans that the Member for St. Peter and the Honourable Member...

Mr. SPEAKER: I hope the Honourable Member will not...

Hon. B. M. TAITT: I withdraw that, Sir. I got carried away. To come back to the point...

Asides.

Hon. B. M. TAITT: Listen, you have to be careful if the Honourable Leader of the Opposition is advising you on law. If you have not paid a fee, do not take the advice. That is all I have to say.

I just want to draw to the Honourable Member's attention, the Honourable Member is required to read the financial statements of Wednesday, April 25, 1979, Wednesday, April 12, 1978 and Friday, April 15, 1977 and there he will see the pattern that was set that has taken us to the point where he now says we have the highest consumption taxes and how we are in a box. The indirect taxation in this country was not begun by the Democratic Labour Party. The indirect taxation can be found right here in these three and continued by the distinguished Honourable gentleman who now represents Christ Church South. The point is that when you take account of the Common External Tariff, the Common External Tariff is a matter which we all agreed to beginning in 1974 and the Common External Tariff is not a regime imposed by the Minister of Finance of the Democratic Labour Party.
2.00 p.m.

It is a regime agreed to solemnly in the Treaty of Chaguaramas which saw us moving to a particular point which, we should, in fact, have reached ten years ago. It is only the shillyshallying and dillydallying which led to the Common External Tariff taking almost forever to come to fruition. So any criticism that is going to be made of any Finance Minister in Barbados or anywhere who steadfastly moved towards a certain level of taxes in the Common External Tariff is criticism that is not well founded. If we accept that the Common External Tariff is a *fait accompli*, then the only area in which taxation yielding revenue could show growth would be in the consumption tax area. In fact, if the Honourable Member is saying that the rates of consumption tax may be too high in Barbados, it is not an invalid statement but it cannot be taken by itself. It has to be taken in the context of what else has happened in Barbados.

When the Honourable Members sat for five years on the other side – I should not say the Honourable Members, Sir, because most of them would now be exempt, but at least two of them sitting over there now, Sir – and never said a word about the regime that moved us completely into indirect taxation.... I exempt the Honourable Member for Christ Church South because he said he was backraised but if he was backraised he had to have made an opening bid. You do not get backraised unless you made an opening bid. Anyone who knows the game that we were discussing, and most of the Honourable Members on the other side know...

Mr. SPEAKER: Again, I hope we are not going into the by-ways and so on .. I think we need to keep a little closer to the subject.

Hon. B. M. TAITT: I am merely reminding the Honourable Members on the other side that as we come to discuss consumption tax which Bill is only a consequence of a budgetary proposal which the Minister of Finance made and which was debated at length in this House that we should temper what we say because it gives the wrong impression. This is not a measure that the Minister of Finance is bringing *de nouveau*. This is a measure which the Minister of Finance is bringing as a consequence of a policy position which he took when he delivered his budgetary statement. Therefore, the matter has already been debated. I am only seeking, Sir, in this short intervention to put the records straight and put the debate in perspective. That is all I am seeking to do.

I agree with the Honourable Member that the time will come when we will have an opportunity to discuss these matters *ad nauseam*, as soon as possible. That is what the Honourable Member said. If the Honourable Members want to have it in the middle of August or early September any of those numbers would play. But in any case, Mr. Speaker, I feel that we should not engage in a long debate about consumption taxes when, in fact, consumption taxes provide, perhaps, the only serious vehicle by which a Minister of Finance can employ indirect taxation.

Sir, when the pendulum was swinging in the other direction and there was a creeping incidence of direct taxation I recall the then Governor of the Central Bank out front leading the troops which troops were then being galvanised from Washington indicating that direct taxation is the bane of developing countries, that the worst thing in the world for any developing country was direct taxation.

Aside.

Hon. B. M. TAITT: We were not in power. We had no advice to take. Ours was not to take advice. He was then the cheerleader and general factotum for all matters relating to finance in the country.

Aside.

Hon. B. M. TAITT: Even worse because he was the general advisor on all matters. As a matter of fact, the only thing I have never heard that distinguished gentleman speaking on is birth control. Study that.

Aside.

Hon. B. M. TAITT: That distinguished gentleman said that direct taxation was creating a problem for the professionals. I have to remind the Honourable Members that direct taxation was being seen as holding the professionals and that the management capability of the country was suffering because direct taxation was too high and because we did not have the management capabilities in the public sector especially since the country was not being competitive. I have lived to see the argument swing completely from one end of the pendulum to the other. Now we are hearing that indirect taxation...

Mr. SPEAKER: I want Honourable Members to understand what I am saying. I would not put out anybody yet but this shouting across the Chamber does not speak well for us. I am asking Members not to persist with that kind of behaviour. Continue.

Hon. B. M. TAITT: Sir, I really have taken much longer than I intended because this debate should be confined to discussing certain merits or demerits of the methodology of the implementation of the Budgetary proposals. We are not permitted, as I understand it, to have a wide-ranging economic debate ...

Mr. SPEAKER: Which I have not allowed so far but remember, legislation discussed is not straight jacket. It must have some room to vent itself and I will do that. I do not want Honourable Members to widen the debate because we would have a wider debate than we want. We would then lose the whole substance of the debate.

Hon. B. M. TAITT: That is why I am going to come to an end now because I do not wish to be the harbinger of later contention over how far persons should or should not go. I am merely throwing a shot across the bow to let them know that I am ready.

Aside.

Hon. B. M. TAITT: You know, Sir, that if I used to listen to asides that I would respond to that. They have their own newspapers to put up these. Sometimes it is very difficult on Sundays to get a Sunday headline. Sometimes you really have to scrape the barrel to come up with something so any kind of musings can pass now as serious items.

Seriously, Mr. Speaker, I believe that this measure has the support of both sides of the House notwithstanding anything that might have been said because it is necessary for the implementation of what is now the law. The Budgetary Proposals are now the law. We are only doing what the Barbados Labour Party did not successfully do so far as this kind of approach is concerned.

The Attorney General should be congratulated for getting all of the legislation required to implement the proposals of the Budgetary Statement. I think that by next week we should be able to wrap up all of them. I am grateful to Your Honour.

Hon. H. deB. FORDE: Mr. Speaker, I hope the Honourable Member would be able to finish by lunch time. The Honourable Member who has just spoken has not answered any of the cogent points made by the Honourable Member for St. Peter nor indeed has he answered any of the stringent criticisms made on Government's defective budgetary policies in so far as the Honourable Member has today restricted himself to debating those budgetary policies.

2.10 p.m.

The purpose of the legislation is to remove import duty and specifically consumption duty on spare parts like lap tops, Sir, being used for computers.

When it was introduced into the House in the Budgetary Statement the Prime Minister said this would remove an anomaly. What we are saying on this side is that anomalies still exist in the area of the importation of computers and computer parts and that therefore the objective which the Minister set himself is not being properly answered and achieved.

If the Honourable Member, rather than trying to score points at the expense of this side of the House, which he can't score, Sir, the facts are there now and people now have the historical records to see whose credibility has been dented. It is absolutely clear whose credibility has been dented. And, no longer will we see any scurrilous cartoons about wolf wolf. We will now know that the wolf is already at the door, thanks to the Democratic Labour Party and right within the House the whole pack of cards is about to collapse. We know the position, Sir. The Honourable Member now has to listen, but here what is really of concern is that both sides of the House would want computers to become standard form in use in this island. For one thing the Labour Party has a record of trying to promote the Offshore sectors. Computers are necessary for that.

Computers are necessary in this day of technology as well, to improve the efficiency at the managerial level, in the factories, in the businesses, in the professional services and even in the homes. And, therefore, anything that will

encourage knowledge of and use of computers will have the support from this side, but what we are saying is that a stamp duty is still placed on those computers and the stamp duty is still twenty per cent. The Honourable Member made the point that the Government should take steps, if it is serious about the policy of getting rid of that stamp duty.

There is another problem as well, Sir. Some of these parts and the computers themselves, come in, not necessarily through the Port, imported in that way, but are posted and come through the post office. Those persons who are smart enough to bring them through the post office do not pay stamp duty and therefore the Government as well must recognise that you are getting a discriminatory form of what occurs. There may be tricks, there may always be tricks but the answer to this then is to abolish stamp duty in so far as it applies to consumers. Instead of giving benefits to the accounting firms, give it to the poor children at St. Matthias Primary School who need to know more about computers. That is what I want to tell the Honourable Member, get your priorities right.

I am glad to hear the Honourable Member for St. George North say that St. Matthias Primary School has computers. We have six computers up there, Sir. But what I am sorry to learn is that the structural adjustment programme of the Government will mean a cutback in the Ministry of Education for the provision of teaching services for this very computer programme. That is what I am sorry to learn, Sir.

Mr. Speaker, Sir, there is no point having the computer if you have not got the teacher.

Hon. B. M. TAITT: What is good for Peter must be good for Paul too. We were under the impression that we were to stay within certain bounds. I know of no structural programme for computers, Sir, and therefore the Honourable Member, Sir, is sneaking in ...

Hon. H. deB. FORDE: The Honourable Member in the two days that he has access ...

Mr. SPEAKER: I hope that Honourable Members will do what I ask them to do as well. That is to complete the Resolution before us and let us get on. The Honourable Member for St. Peter has already made the point. We must not, according to the rules, anticipate what we are going to discuss in that programme. I am sure we need not go there. Do not take advantage of my latitude.

Hon. H. deB. FORDE: I am certainly not taking advantage of either your latitude, Sir, or the Honourable Member. I hope that he will take advantage of the next two days that he is acting Prime Minister and become familiar with what is going on, because his reply obviously satisfied

me that he is not on the ball and he obviously does not know what is happening, Sir, at all, at all, at all. So, I hope he will use those days and I won't take any more advantage of him, Sir. I will give him the opportunity to brief himself adequately so that next week when he gets up in here, Sir, to answer the obviously stringent criticism which the Government will have, that he will, at least, be able to find an excuse and an explanation, Sir.

Mr. Speaker, Sir, I want to say that if we are genuine about making computers become in everyday use in this country we will have to remove the other forms of duty that are penalising many persons who still want access to the computer and the computer part, and particularly to deal with the problem of stamp duty as well as to make sure that whether the computer part or the computer comes through the Port or through the Post Office that there is not discriminatory treatment in those regards.

Hon. H. A. BLACKMAN: Mr. Speaker, I beg that this Bill be now read a second time.

Hon. B. M. TAITT: I beg to second that.

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

On the motion of Hon. H. A. BLACKMAN, seconded by Hon. B.M. TAITT, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. L. L. BRATHWAITE in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 - 3 were called and passed.

On the motion of Hon. H. A. BLACKMAN, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.
2.20 p.m.

On the separate motions of Hon. H. A. BLACKMAN, seconded by Hon. B.M. TAITT, the Bill was read a third time and passed.

QUESTION TIME

Hon. B. M. TAITT: Question time.

Mr. SPEAKER: The Honourable Member for St. James North, Question No. 21.

Mr. R. C. EASTMOND: To ask the Minister of Education: Will the Minister state (a) how many temporary teachers have been employed respectively in primary,

secondary and tertiary Government educational institutions during the current term, (b) how many of the teachers in each category in (a) above are trained teachers and how many are paid from the Training Levy Fund, (c) Government's policy on the engagement of temporary teachers and the number of such teachers whom Government proposes to employ and/or to re-employ at the beginning of the next school year in September, 1991, (d) how many vacancies there are in the various categories of the teaching establishment and whether and, if so, when Government proposes to fill those vacancies, and (e) whether Government proposes to increase the teaching establishment to absorb temporary teachers who are in regular service and are not substitutes?

Hon. C. V. WALKER: Mr. Speaker, the answer to Question 21 is long. It is as follows:

- (a) 764 temporary teachers are employed, 466 at the primary level and 298 at the secondary. 39 instructors/tutors at tertiary institutions are temporary.
- (b) (1) 111 temporary teachers in primary schools are trained.
(2) None. The Training Levy is paid into the Consolidated Fund out of which Government expenditure, including expenditure for training, is met.
- (c) The policy on the employment of temporary teachers is to fill the number of vacancies which exist during the particular school term or school year.

Vacancies may arise as a result of:

- (a) resignations, retirements, terminations of services or secondments; and
- (b) grant of term's vacation leave, study or training leave, special leave, sick leave or maternity leave.

Except in cases where substitutes are required for short periods, e.g. for teachers on a term's vacation leave, temporary teachers are assigned for the full school year 1st September to 31st August.

All temporary teachers are required to signify their continued availability for employment by applying for re-assignments at the end of their contract periods.

The data available to date suggest that approximately 400 temporary teachers will be needed for the

September term. The exact number will be known when, among other things, information on the grant of study/training leave to teachers becomes available.

(d) Presently there are 232 vacancies (18 principals and 214 teachers). Action has already been initiated to have 12 principals and 149 temporary teachers permanently appointed by the beginning of next school year in September. Further action will continue.

(e) Government will increase the establishment where appropriate.

Mr. SPEAKER: Are there any supplementaries?

Hon. H. deB. FORDE: Mr. Speaker, Sir, will the Minister confirm that it is Government's intention then not to re-employ 364 temporary teachers for the September 1991?

Hon. C. V. WALKER: That is not the intention.

Hon. H. deB. FORDE: Will the Government then confirm, Mr. Speaker, how many is it intended to re-employ?

Hon. C. V. WALKER: We will employ as many as are needed, Sir.

Hon. H. deB. FORDE: Mr. Speaker, Sir, will the Minister tell us how many are needed?

Hon. C. V. WALKER: I gave the answer of approximately 400 that we anticipate that are needed.

Hon. H. deB. FORDE: 400 out of 764.

Mr. SPEAKER: No more. Are there any other supplementary questions? There being no more supplementary questions, end of Question Time.

Aside.

Hon. B. M. TAITT: That comes to the end of Government Business, Sir.

Hon. H. deB. FORDE: Mr. Speaker, Sir, on a point of order. Obviously, the Honourable Member was waiting in order to ask the Minister additional questions.

Mr. SPEAKER: Well, I will help you along the line. The only way that my ruling can be now adjusted is by leave of the entire House. If the entire House agrees...

Hon. H. deB. FORDE: Sir, I ask for that leave. I want to see if the Government is going to hide or give us the leave, Sir.

Mr. SPEAKER: There seems to be no dissension. Leave is granted. The Honourable Member for St. George South.

Mr. L. R. TULL: Will the Honourable Member state then in view of the fact that he is proposing to have 400 temporary teachers for the September term that the teacher-pupil ratio will be worsened as a result?

Aside.

Mr. L. R. TULL: How are you going to know? If he gives any wrong answers in here, he will pay.

Mr. SPEAKER: You cannot ask a question and then answer the question. The Minister can only answer within his capacity. Has the Minister answered the question?

Hon. C. V. WALKER: Yes.

Mr. SPEAKER: Are there any other questions?

Mr. L. R. TULL: Will the Minister tell the House how many of the untrained temporary teachers will be trained in the coming year?

Hon. C. V. WALKER: That answer cannot be given.

Mr. SPEAKER: I think that is a new addition to the question area. It is not fair to the Minister. That is a new dimension.

Are there any other questions?

Hon. B. M. TAITT: Sir, before the adjournment, are you sure that you do not want to find out if there is anybody else because I would not like them to ask for leave again.

Mr. SPEAKER: I do not think that the Leader of the House could really make that assumption. I have already indicated that is the end of Question Time and the matter is finished.

ADJOURNMENT

Hon. B. M. TAITT: Mr. Speaker, Sir, that brings us to the end of...

Aside.

Hon. B. M. TAITT: To do what? The Resolution is incomplete. There is a phrase that is missing from the end

of the Resolution which we would like to discuss with you. The words would be "as we did in 1981".

Mr. Speaker, I beg to move that the House do now adjourn until Tuesday, 30th July, 1991 at 12 o'clock noon.

Hon. H. deB. FORDE: Speaking on the adjournment, Sir, I would hope that the Leader of the House, who will be leading the House next week, will give us the serious undertaking as Leader of the House and a parliamentarian of some experience that with Your Honour's leave time will be provided next week for us to discuss the Resolution which was filed today by the Honourable Member for St. Peter. We can understand the fact that the principal Minister concerned is outside of the country in Jamaica on other business. We take this matter very seriously, Sir, and we certainly would wish to proceed expeditiously with the debate on the Resolution dealing with the structural adjustment programme, which Government is now in the throes of implementing so that we can get on with the matter as soon as possible.

Hon. B. M. TAITT: Mr. Speaker, Sir, I think that the Leader of the Opposition who is among the most experienced of the Members of this Honourable House

knows that there are limits to the amount of force which should be applied when one is using opposition politics.

The Honourable Member knows that notice was given of the Resolution today. The Honourable Member knows that other Honourable Members will have to have time and opportunity to study that. But I gave notice today of a stabilization Bill which will provide as wide and ample opportunity for any Honourable Member who wishes to discuss any aspect of economics. To ask me in my capacity as Leader of the House to give him an undertaking that an ordinary Bill or Resolution brought one Tuesday will be debated the next Tuesday is really being slightly unreasonable. In all of the circumstances, I give him the assurance that the matter will be debated as it is convenient to the business of the House. We will examine yours and we will do whatever is convenient, expedient, and desirable.

The question that the House do now adjourn until Tuesday, 30th July, 1991 at 12 o'clock noon was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
2.32 p.m.

CONTENTS

MINUTES

Confirmation of Minutes of meeting of Tuesday, July 9, 1991	831
---	-----

PAPERS

Hon. B. M. TAITT	831
------------------------	-----

The Barbados Port Authority Annual Report and Financial Statements for the year ended December 31, 1990.

Hon. H. A. BLACKMAN	831
---------------------------	-----

The Customs Tariff (Amendment) (No. 5) Order, 1991.

GOVERNMENT NOTICES

Hon. H. A. BLACKMAN	832
---------------------------	-----

The Stabilisation Tax (Amendment) Bill, 1991.

PRIVATE MEMBERS' NOTICES

Mr. O. S. ARTHUR	832
------------------------	-----

Resolution urging Government to submit for consideration before implementation or ratification any proposals incorporating monetary, fiscal and other measures designed to arrest and correct the continuing decline of our economy, to entrench its stability and growth and to protect and strengthen the value of our currency.

FIRST READING OF BILLS

Hon. H. A. BLACKMAN	832
---------------------------	-----

1. Bill to amend the Income Tax Act, Cap. 73.
2. Bill to amend the Exempt Insurance Act, Cap. 308A.
3. Bill to amend the Consumption Tax Act, Cap. 63.

Hon. M. A. KING	832
-----------------------	-----

The Stabilisation Tax (Amendment) Bill, 1991.

ORAL REPLIES TO QUESTIONS

Hon. C. V. WALKER	832
-------------------------	-----

Notice that Reply to Parliamentary Question No. 21 asked by Mr. R. C. Eastmond was ready.

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT	832
------------------------	-----

GOVERNMENT BUSINESS

RESOLUTION TO APPROVE THE VESTING IN THE NATIONAL HOUSING CORPORATION OF LAND AT PIPERS AVENUE, LODGE HILL, ST. MICHAEL FOR HOUSING PURPOSES	832
--	-----

Hon. E. E. Greaves, 832, 834; Mr. L. R. Tull, 833; Hon. B. M. Taitt, 833; Hon. H. A. Blackman, 834.

RESOLUTION TO APPROVE THE SALE OF LAND AT RETREAT TENANTRY ROAD, ST. LUCY TO THE CONNELL TOWN PENTECOSTAL HOUSE OF PRAYER INCORPORATED TO BE USED FOR RELIGIOUS PURPOSES	835
--	-----

Hon. E. E. Greaves, 834; 835; Mr. DeL. O. Bradshaw, 835.

INCOME TAX (AMENDMENT) BILL, 1991	835
---	-----

Hon. H. A. Blackman, 835; Mr. H. B. St. John, 836; Hon. B. M. Taitt, 839.

CONSUMPTION TAX (AMENDMENT) ACT, 1991	840
---	-----

Hon. H. A. Blackman, 840, 846; Mr. O. S. Arthur, 840; Hon. B. M. Taitt, 842; Hon. H. deB. Forde, 845.

QUESTION TIME

QUESTION NO. 21 ASKED BY Mr. R. C. EASTMOND	846
---	-----

Hon. C. V. Walker, 846; Hon. H. deB. Forde, 847; Mr. L. R. Tull, 847; Hon. B. M. Taitt, 847.

ADJOURNMENT	847
-------------------	-----

Hon. B. M. Taitt, 847, 848; Hon. H. deB. Forde, 848.

SPEAKERS IN THIS ISSUE

ARTHUR, Mr. O. S. (St. Peter)
 BLACKMAN, Hon. H. A. (St. Philip South)
 BRADSHAW, Mr. DeL. O. (St. Michael South East)
 EASTMOND, Mr. R. C. (St. James North)
 FORDE, Hon. H. deB. (Christ Church West)
 KING, Hon. M. A. (Christ Church West Central)
 GREAVES, Hon. E. E. (St. Lucy)
 ST. JOHN, Mr. H. B. (Christ Church South)
 TAITT, Hon. B. M. (St. Michael West)
 TULL, Mr. L. R. (St. George South)
 WALKER, Hon. C. V. (St. George North)