
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday, August 4, 1992.

Pursuant to the adjournment, the House of Assembly met at 12.25 o'clock p.m.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, B.Sc. LL.B., (Deputy Speaker)

Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)

Mr. 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. P. M. GREAVES, Q.C., B.A., (Deputy Prime Minister, Minister of Public Works, Communications and Transportation and Leader of the House)

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 Trade, Industry and Commerce)

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

Mr. H. A. BLACKMAN, B.Sc.(Econ.)

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

Mr. D. A. C. SIMMONS, Q.C., LL.M.

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

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

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

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

Mr. C. LeR. TROTMAN, M.A.

Mr. R. L. MORRIS, B.A., Cert. Ed.

Hon. D. J. H. THOMPSON, LL.B.(Hons.), (Minister of State, Ministry of Finance and Economic Affairs)

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

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

Miss B. A. MILLER

Mr. DeL. O. BRADSHAW

Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

Mr. J. O. TUDOR

Hon. D. W. BOWEN (Minister of Community Development and Culture)

Mr. G. W. PAYNE

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

Prayers were led by Rev. Noel Burke.

Hon. P. M. GREAVES: Mr. Speaker, Sir, I move that the Minutes for July 28, 1992 which I understand have been circulated to Honourable Members be taken as read and confirmed.

Hon. B. M. TAITT: Seconded.

Mr. SPEAKER: If there are no corrections, let those Minutes stand confirmed.

ANNOUNCEMENTS BY YOUR HONOUR

Mr. SPEAKER: I am to announce that I am in receipt of the Accounts and Statements for the month of April 1992 as prepared by the Accountant General.

FIRST READING OF BILLS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that the Bill to amend the Land Tax Act, Cap. 78A be read a first time.

Hon. P. M. GREAVES: I beg to second that.

The question that the Bill be read ajirst time was put and resolved in the affirmative without division.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that the Bill to amend the Income Tax Act, Cap. 73 be read a first time.

Hon. P. M. GREAVES: I beg to second that, Mr. Speaker.

The question that the Bill be read ajirst time was put and resolved in the affirmative without division.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to move that a Bill to repeal the Employment Levy Act, Cap. 69 and the Transport Levy Act, Cap. 92A be read a first time.

Hon. P. M. GREAVES: I beg to second that, Mr. Speaker.

The question that the Bill be read ajirst time was put and resolved in the affirmative without division.

ORDERS OF THE DAY

Hon. P. M. GREAVES: Mr. Speaker, I am going to move that **certain** Standing Orders be suspended and these are, Sir, Nos. 6, 16, **18, 20, 42(5), 43 and 44** for the remainder of today's sitting.

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

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

GOVERNMENT BUSINESS

Mr. SPEAKER: Government business is the order of the day.

ORDER NO. 6 - TO MOVE THE SECOND READING OF A BILL TO REPEAL THE EMPLOYMENT LEVY ACT, CAP.69 AND THE TRANSPORT LEVY ACT, CAP. 92A

Hon. D. J. H. THOMPSON: Mr. **Speaker** this Bill is introduced in this Parliament for the purposes of repealing the Employment Levy Act and the Transport Levy Act, pursuant to the Supplemental Financial Statement and Budgetary Proposals which were made on July 7, 1992.

During those proposals, Sir, the Honourable Member for St. Michael South as Minister of Finance indicated the elimination of the levies in 2 stages, **except for** the one per cent training levy. Firstly, at January 1, 1993 and the full

elimination by' January 1, 1994 and it has been subsequently agreed that these levies should be phased out in the following manner. In respect of the employee, January 1, 1993, the Health Service contribution 0.5 per cent and the transport levy 1.75 per cent which makes a total of 2.25 per cent. Then, Sir, on January 1, 1994 the Health Service contribution which amounts to 1 per cent and the employment levy, a further 1 per cent a total of 2 per cent.

In respect of the employer, by January 1, 1994, the Health Service contribution 1 per cent, the employment levy 0.50 per cent and the transport levy 0.25 per cent being a total of 1.75 per cent in respect of the employer.

I believe this is a pretty straightforward piece of legislation, Sir, and this Bill seeks to repeal the Employment Levy Act, and the Transport Levy Act. There will be further pieces of legislation to give effect to the other repeals that have been indicated during the course of this presentation. With those, few words, Sir, I beg that this particular Bill be now passed.

Hon. W. O. FRANKLIN: Seconded.

Mr. SPEAKER: The Honourable Member says it has been seconded, but it is the usual custom to make sure that you are going to speak again in seconding the Resolution.

Asides.

Hon. W. O. FRANKLIN: I reserve my right to speak again.

Mr. SPEAKER: The question is that this Bill be now read a second time.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Opposition will be supporting this piece of legislation and having said so, Sir, I think I have a responsibility to indicate that when the employment levy was introduced in 1987, it was introduced as a temporary measure, the purpose of which was to finance in a large part, the employment activities of the National Conservation Commission.

I remember, Sir, that Members on the other side, even though expressing a philosophical opposition to their position on levies, nonetheless found it desirable to support this particular **fiscal** measure, Sir, on the understanding that it was only intended to be temporary. It is a very sad testimony on Government's commitment to it. word that it has taken the International Monetary Fund to require the Government of Barbados to remove from the Statute Books of this country, a measure which the Government had intended only to use as a temporary measure.

Of course, Sir, we recognise that this measure will **only** bring relief in 1993 but we say to the House that

it has been long overdue and it is but another, in what is now a very long record of this Government's unwillingness to keep its word to the people.

Mr. Speaker, Sir, I think I also have a responsibility to say, in dealing with the unemployment levy, that the time has come when Government should release the information to which it has access, concerning the levels of unemployment, and by inference, employment in Barbados.

I **am** advised, Sir, that the information collected through the household sample **survey** on the level of unemployment in Barbados has been available for some considerable period, Sir, and it has been customary in the past for information on this critical matter to be released as soon as it **became** available but this Government seems to be willing to institutionalise a bad practice of having access to information that can be used as an important index of the state of the economy but at the same time be unwilling to release that information. I **am** therefore making the call for the information to which Government has access, pertaining to the level of unemployment in Barbados, to be released.

My understanding, Sir, is that the level of unemployment has reflected in those statistics to show that unemployment in Barbados is now over 23 per cent as at the end of March and we know, Sir, that since March, under the auspices of the International Monetary Fund Programme...

Mr. SPEAKER: May I have some order, please.

Mr. O. S. ARTHUR: I was saying, Sir, that my understanding is that the information as contained in the Report on the household sample survey, ending March, would establish **that** the level of unemployment in Barbados, Sir, which stood at 20 per cent at the end of December 1991 had risen to 23 per cent by the end of March and all indications are that subsequent to March the situation has worsened because as you **are** aware, Sir, there has been a continuous stream of layoffs from both the public and the private sector. I believe, Sir, that this **information** is vitally critical if we are really to form an intelligent judgment on the question as to whether the International Monetary Fund is working or not. We are beginning to hear statements that the Barbados economy is stabilising. This economy, Sir, cannot properly stabilise if unemployment is in excess of 20 per cent. I believe an economist would call that a low level equilibrium fact, Sir. This country has paid too savage a price in terms of the increase of unemployment. It is not in our judgment on this side proper for the Government to ignore the fact that a sensible trade-off has to be effected between the protection of the balance of payments and the maintenance of satisfactory levels of employment in Barbados. We are of the judgment, Mr. Speaker, that Government has discarded the maintenance of satisfactory levels of employment as an

economic objective to be treated as a priority. We believe that the time is now right for the question of employment generation once again to become part and parcel of the preoccupation of the Government of Barbados. It bothers us considerably that a Government can be speaking in terms of the success of a programme when in point and fact the success has reached its **peak** and is secured purely in terms of the level of unemployment that bears no relationship to anything in this **country's** history.
12.35 p.m.

Mr. Speaker, I want to stress the point because the level of unemployment in Barbados within the course of one year would have risen by almost 10 percentage points.

Aside.

Mr. O. S. ARTHUR: The Deputy Prime Minister of the country who is so entirely out of touch with anything that is happening in this country, except one thing I am told, Sir, is now asking me **from** whence have we received this information. The Government cannot be happy, Mr. Speaker, with a situation where the workers of an overall micro-economic programme in this country;..

Aside.

Mr. O. S. ARTHUR: Mr. Speaker, the simple fact that I want to make is that Barbados has to come to terms with a simple reality. While we recognise the need for stability in the balance of payments, we have sensibly to balance the trade-off between loss of jobs and the maintenance of a stable external position. It is our judgment on this side, Mr. Speaker, that the Government has veered too heavily in the direction of using increased lay-offs as a way of maintaining the balance of payments stability.

In fact, Sir, we have a situation now in this country where the temporary staff in the Public Service, in particular, **are** like elements in a pouch which we squeeze in order to bring the fiscal position back into some order as determined by the need to maintain a predetermined external position. Our position is that Barbados is going to become increasingly ungovernable in circumstances where the maintenance of satisfactory levels of employment ceased to be a preoccupation of the Government of this country. That is our position and the first step in that exercise...

Aside.

Mr. O. S. ARTHUR: Mr. Speaker, I am being interrupted by the Member for St. James South...

Mr. SPEAKER: I thought you were like myself. I did not hear those remarks. You have got to learn not to hear them because they are not part of the debate.

Mr. O. S. ARTHUR: ...whose only contribution to public affairs...

Mr. SPEAKER: No, that is not going to be permitted. I am going to ask that the Honourable Member remain within the confines of the Bill before the House. The Honourable Member for St. James South has not spoken yet and, therefore, I am not in a position to make any judgment of any statement.

Mr. O. S. ARTHUR: Mr. Speaker, I was just making the point tangentially that, if funds from the Treasury did not have to be expended to meet certain legal charges incurred when a magistrate wrongfully committed a person before the Court, the levels of employment in the eighties could have been higher. That is the point I am making.

Mr. Speaker, I am on the Employment Levy. I am taking this opportunity to say that we are now in this country facing the danger of taking economic decisions upon the basis of incomplete data. Even though the information might be embarrassing to Government, it still has to be published. In the same manner for example, Mr. Speaker, we need to be told what is the real state of the GDP Estimates. For the first time, Mr. Speaker, we are now hearing the Governor of the Central Bank of this country hold Press Conferences. He is in a position to tell us that the best performing sector which is tourism fell by 5 per cent, but he is not in a position to even hazard a guess as to how this economy is doing. I want to say to the House, Sir, that if the best performing sector in Barbados fell by 5 per cent then it stands to reason that the fall in the level of economic activity in this country for this year to date has to be in excess of 6 per cent at least. This becomes important because in the Budget presentation this year the Minister of Finance of this country went on record as saying that this economy was to grow by 1.2 per cent in this fiscal year. He is now telling us that the IMF policies are working. Pray tell us on this side, Mr. Speaker, how can the IMF policies be working if they were designed to achieve a growth rate of 1.2 per cent. Based upon the best extrapolation of the data that we have the economy has fallen as much as 6 per cent for year to date.

We are also hearing a lot of talk about how the balance of payments is being stabilised because people are bringing back money into Barbados. Mr. Speaker, if people were to bring foreign exchange back into Barbados in a manner that can boost the reserves, that money would have to pass through the banking system and would have to be reflected in an increase in deposits held by individuals or companies in the banks. But we cannot see any extraordinary increase in the level of deposits held in the banking system such as would suggest that foreign exchange is brought back into Barbados. I want to make these points precisely because the public of Barbados is not being treated with the courtesy to the kind of access to economic information as our circumstances warrant.

Therefore, we call on the Government to publish the information to which it has access and which has been in its possession for almost a month now pertaining to the level of employment in this country.

Now the Transport Levy is also to be repealed and I need on behalf of the Barbados Labour Party to make a few points on this issue. The Transport Levy was imposed by the Barbados Labour Party in the early 1980's as one of a series of financial measures which was to be earmarked for specific purposes. The Democratic Labour Party, when it constituted the Opposition of the day, created the perception across the length and breadth of Barbados that the Transport Levy was part of some kind of slush fund widely used by irresponsible people in a manner that was in some ways in a random and haphazard manner and perhaps in a manner that would in some instances be contrary to law. The impression had stuck that under the Barbados Labour Party the Transport Levy Fund was something that the politicians used for their own devices. I believe now that we have come to bury the Transport Levy the proper eulogy should be read, and that the Democratic Labour Party's Administration which has had the opportunity to be in charge of our public affairs for the last 6 years should be decent enough to say that all of the Transport Levy funds have been properly accounted for, and that the funds have been used only in a manner as governed by law and that contrary to the perception that the Democratic Labour Party's Administration sought to propagate, when it formed the Opposition of this country, that no infelicities have ever been discerned in the way in which this Transport Levy has been utilised. All of the Transport Levy funds raised by the Barbados Labour Party administration have been put to a proper public use. The Transport Levy Fund has been audited by respectable auditors and I am saying that as we come to repeal it let us lay to rest a sordid perception that was unfairly put out by the Democratic Labour Party that it was some form of slush fund we in the Barbados Labour Party were administering for our own political purposes.

12.45 p.m.

Aside.

Mr. O. S. ARTHUR: That is why you are perfectly positioned now to tell the truth about it.

Mr. Speaker, I just want, as I conclude on the Transport Levy, to say that there is a large number of little villages and districts across Barbados which now enjoy a good infrastructure precisely because there was a Transport Levy raised in this country by a Government for the specific purpose of making the improvement of the infrastructure across all the little communities in this country part and parcel of our national development.

In my own constituency we now have improved facilities for the Transport Board, a new bus

terminal, precisely because of the existence of this Transport Levy and its proper use. We recognise that, given the change in the thinking behind the use of the levy, it has become a political anachronism **as well as** a financial anachronism, that the Transport Levy under the Democratic Labour **Party** has become just another general **tax** rather **than** an earmarked fund for the purpose of the development of our road system and the **transport** system of this country. To the extent that the use of the Fund has departed from the original progressive concept behind its formation, we on this side welcome its removal.

With those remarks, Sir, I want again to say that the Barbados Labour Party will be supporting the repeal of these two pieces of tax legislation, but I must again press for the Government to be more forthcoming in its publication of vital information about the true state of the Barbados economy.

I am obliged to you, Sir.

Hon. H. B. St. JOHN: Mr. Speaker, I do not know why the Honourable Members on the other side, after a very festive weekend, are so agitated about the state of affairs in Barbados.

I have before me a document which I will lay on the Table of the House, which illustrates quite clearly the reason for the Opposition's concern about the state of affairs of the economy in Barbados. This document is a release by the Governor of the Central Bank, a Central **Bank** Press Release, and it reviews the first half of 1992. At page 6 it says:

"OUTLOOK FOR THE REMAINDER OF 1992

The initial role of the **stabilisation** measures was to reduce domestic demand to levels consistent with foreign exchange earnings. To a large extent, this objective has been achieved, albeit at a considerable loss in output and jobs."

That is the point we want to make, Sir.

The point is, Sir, that the Government's programme, particularly its fiscal and monetary programmes, has depressed demand in Barbados to such an extent that it has had a very harmful effect upon the productive sectors in Barbados and an extremely devastating effect upon employment in Barbados. We must be concerned at this stage to take advantage of every opportunity we have to ask the Government to let the public know what effect in human terms the programme they have agreed to with the International Monetary Fund has had. We have clear evidence here from the Governor of the Central Bank that the effect of the programmes has been that there has been a considerable drop in output and loss of jobs.

It is a fact that the Government has in its possession information about unemployment for the **first** quarter of this year. The Governor of the Central **Bank**, of course, also would have access to that information, but in his usual vein he is going to speak in tones which are not overtly critical of the Government. **Our** information is that, according to the survey, unemployment was about **23%** at the end of March and the situation has been made worse since then.

Sir, I represent a constituency which is in the heart of the tourist **area** on the south coast of Barbados. The Honourable Member for St. Peter represents a similar constituency. The Honourable Member for St. **James** South too, all on the coast, and they will know what has been the effect of the Government's programmes in curtailing the activities of the National Conservation Commission. I want to make it clear, Sir, I am not one of those who believe that the Government of Barbados does not have a role to play in ensuring that certain essential services are performed by Government. Barbados does not have Local Government, we have the Central Government and we have a series of institutions in the form of Statutory Boards which are financed out of the taxpayers' money to perform services which in other countries would be performed at the local level. The National Conservation Commission was and is an important instrument in delivery of services in relation to certain environmental concerns in Barbados, particularly in the areas of debushing, beach cleaning and matters of that kind. One of the principal methods of financing it was through this special levy.

That was a matter introduced by the Democratic Labour Party. I well recall the debate in here in which there was a level of tax which the tourist industry as a whole paid and the Honourable Members on that side got in here and reduced that tax, forgetting of course that part of the hotel tax went to provide for subventions to the Police and to the National Conservation Commission. Today, Sir, it is a fact that important beaches in Barbados which used to be kept clean are no longer being cleaned because the Government has reduced the subvention to the National Conservation Commission and the National Conservation Commission has had to lay off people.

We are going to go further, Sir, because it is also a fact that the lifeguard service which was provided on beaches in Barbados by the National Conservation Commission has also been reduced as a result of the reduction in subventions by the Government. **All** of this illustrates the point that the Opposition has been making that the crazy programme that has been imposed on the Government, and meekly accepted by this Government, **has** had very serious consequences in this country. We know that tourism is an important part of the economy of Barbados. It is the principal instrument that the Government hopes will help to pull Barbados out of

the foreign exchange deficit that we are in. I want to hear from the Government what alternative programmes and measures it has for financing the services of the National Conservation Commission.

12.55 p.m.

You see, Sir, we sat in here and listened to a Supplementary Budget of a very unusual nature in which the Government brought forward proposals for tax reform and these 2 Bills are part and parcel of that tax reform exercise. We were not given frank information at that time **on** those tax reform measures. Although they were claimed to be revenue neutral, in truth and in fact, this year the Government is going to raise in addition \$12 million under the guise of **tax** reform with a reduction in taxes. The Government never told us how much it was going to raise. This year **\$12** million was raised. We want to know whether some of this additional **\$12** million that you are going to raise this year is going to go to finance the services of the National Conservation Commission and the other services.

On the question of transport, Sir, the Honourable Member for St. Peter recalls that the Transport Levy was introduced in **1983** by the Barbados Labour Party with the specific purpose of ensuring that the national transport service in Barbados was rehabilitated and also that the road system in Barbados which had suffered greatly at that time because of the phenomenal rise in the cost of road building materials, particularly, in the form of asphalt which was affected at that time by the rise in the price of petroleum products. It was well over \$30 a barrel at that time. Oil was commanding the world market.

The funds realised by the Transport Levy were not placed in the Consolidated Fund because we wanted to make it clear that the Government felt that the community as a whole should be willing to make the sacrifice of the additional effort caused by having to pay the levy in return for the beneficial effects of the national bus service in which areas of Barbados were serviced by transport equipment, which in economic considerations would not be justified, nevertheless, in the interest of the development of improved services to the rural areas we felt it necessary **as** Barbados is such a small country. Those funds were placed in the hands of a special Board.

As I look around here, Sir, I well recall that we felt it our duty to ensure that Members on the other side in one of their several capacities, as trade unionists in **particular**, would be members of that Board. The Government wanted to make sure that the money was used for the purposes for which the Legislature passed it. The Democratic Labour Party objected strenuously to the use of the levy system and they claimed that they would put it in the Consolidated **Fund**. So what do we have, now, Sir? The Government took the levy monies and put them in the Consolidated Fund and we no longer have a national transport service. That has been gradually abolished.

The Honourable Member, the Deputy Prime Minister, has presided over **the** abolition of that, not with the knowledge of Parliament, nor the knowledge of anybody. The important point of principle as to whether we should have a national transport service in Barbados, financed and owned by the public sector, has been decided outside of Parliament. That is the way the Government does its business. It **cannot** come in here and face debate so it makes decisions which the Minister does not **announce**. His Permanent Secretary announces the decision. His Permanent Secretary has been running the Ministry to all intents and purposes, if one is to judge from the level of public statements made by him. It is now obvious why. The Honourable Member's attention was distracted by considerations other than those of his office. That is fairly obvious to everybody. It is obvious the Honourable Member was paying attention to other matters rather than to the matters of transport. Up to today this Parliament has not had the opportunity of a major debate on how the transport system in Barbados is going to be organised.

Asides.

Hon. H. B. St. JOHN: The basic position **is** that we feel that is an insult to Parliament. It is only another bit of evidence as to how the Government conducts its affairs. It hides the unemployment figures, it hides the amount of taxes it is going to collect under its **tax** reform programme, it hides its policy in relation to the national transport services. What is more, it brags about it and it is **pleased** about it.

We will continue to raise questions. We would expect that during the course of our discussion on these measures, in view of their importance, we would have full disclosure. We want to know about the state of unemployment. We want to know how the Government is going to make up under its tax reform proposals the revenue that is lost arising from the abolition of these levies. We want to know the full details about the privatisation policy of the Transport Board. I want to know, Sir, the specific proposals that it has for financing the National Conservation Commission and, in particular, for ensuring the level of manpower it had employed in the cleaning of beaches, the lifeguard service and in debushing. We are moving into the rainy season in Barbados and unless proper attention is paid, as we all know, to a debushing exercise in Barbados, we are going to be invaded by mosquitoes and other vermin. I would like to know what is the Government's method of financing that. Lastly, Sir, we would like to know what is the position respecting the tenantry road programme.

Now, Sir, the transport levy was the principal means of ensuring that those tenancies in Barbados which were not up to standard did not have the amenities that we all would like to see if rural Barbados is not going to be different from the urban areas. Specific sums of

money were expended from the **transport** levy in provision of roads and lights and the like. We want to know how it is going to be financed. Don't tell me that the Government has set out that, because this Government will say it will do that and will not. You said you were going to build a **Sherbourne** and you haven't finished it after years. Everybody knows that the Government **can** set out a programme and unless it has the finance... The Government itself is saying that it needs the finance to carry out these programmes. We know that you have committed yourself to an International Monetary Programme in which your public sector deficit is to be one percent. So don't tell **us**... If you are abolishing the means that you had for financing it, we must **ask** you if you intend to carry out the programmes how are you going to finance it.

1.05 p.m.

I have seen, Sir, in my own constituency, the Venezuelan contractors delude people living in those areas by coming with a **traxcavator**, excavating the soil, bringing in some **marl** and leaving it there. Just before the last election, that occurred in a large number of roads, in the constituency that is now Christ Church South. I don't know whether Your Honour was spared that, but you represent an urban constituency and in any event, Your Honour is a member of the Government party and I don't think they will treat you so, Sir. So that is the position.

The point is, Sir, that the Government of Barbados has to explain to the public as to whether it is going to complete those programmes and when. We want to know. There must be a minimum level of services delivered to the people, IMF or no IMF. If you had not depressed the economy in the manner in which you have depressed it, if you had had your productive sector **working** as we told you, that in these small countries you cannot accept all IMF prescriptions, that you have to ensure that parallel with your attempt to contain the demand you must, at the same time, provide selective measures to ensure that your productive sector can function and is not absorbed in the general level of depression as the Central Bank Governor has now accepted.

We want to know of these programmes because these are useful programmes, necessary programmes. There are a number of farmers and other people who are dependent upon this rural development to be able to get out their produce and we want to know. We want to hear from the Minister of Transport, Sir. It is time the public hears his voice on this, Sir. We don't want to hear from no Permanent Secretary or no functionary, we want to hear in here, in Parliament.

Thank you, Sir.

Mr. DeL. O. BRADSHAW: Mr. Speaker, the measure before this Chamber is one which I consider to be

unfortunate. I consider it unfortunate that this measure has to be brought before this Honourable Chamber because it states quite clearly that it is Government's intention to repeal the Employment and the Transport Levy Act. The Transport Levy was introduced by the Barbados Labour Party and it had certain objectives. We felt that one form of bettering the services provided by Government and one of the alternative ways of funding it **could** be by way of levy and since all Barbadian taxpayers used or benefitted from the roads and public transport in some form or another, it was felt then that the levies could and should be introduced.

We were aware that there was certain opposition to the introduction of such levies, but it has been and remains the contention of members of the Barbados Labour Party that considering the purposes of any levies, as clearly set out that there should not be much divide between the two sides.

Say what you like, Mr. Speaker, this measure had to come because when one looks at the levies as continued by the present administration and the manner in which they were being used or not being used, then it is only reasonable to expect the Government to come with this measure, though, as I said, it is regrettable.

Now, the philosophical thinking **behind** levies was to help those persons, especially those **undeprivileged** people, people who could not afford their own **private** transport, to benefit. For instance we felt that old age **pensioners** should be afforded free rides on the buses and the **school** children should benefit from subsidised bus **fares**. **Therefore** the thinking behind such levies would be that those **people** in the less fortunate brackets would be able to **benefit** from those of us who were more fortunate.

What has happened in recent months is that the old age pensioners are denied free travel on the buses. As I said, **this** was one of the intentions of the levies as introduced by the Barbados Labour Party. The school children are also denied the right of the buses because the Government has withdrawn buses from certain routes and that is why old age pensioners, as well as **school** children, are unable to benefit from this.

I go as far as to say that other workers of Barbados, they too benefitted from such **transportation** because at the **time** we felt we should have a frequent and reliable transport system. We felt that bus shelters should be provided so that people, if they had to wait for buses, would not have to stand there exposed to the elements, especially the rain and the hot sun at times. The money went towards building some of these bus sheds. Some of the money went towards improving the bus terminals and to importing either new chassis or new buses in order to provide a regular, reliable and frequent transport system.

Now, the Government must realise that any country, if it is to progress, must pay very **special** attention to its transport system. There is no country in the world, Mr. Speaker, that can survive or has advanced economically without a proper transport policy. That is why I have said if the economic situation in Barbados is not as rosy as people would want, it is because the Government has no policy towards transport and I am saying this, when the transport system was put in place and thoughts were being mooted to improve it, we felt that we could move certain industrial developments or certain industries to other parts of the country. We could move not only to the Harbour Industrial Park but in Speightstown, Six Mens where an industrial area was reserved, in St. Philip, in Christ Church and we were thinking about some other **part** in the country, in Four Roads, St. John.

Now all of that was behind the thinking of the transport levy, to expand the services so that the workers, the young women and the young men could go to work.
1.15 p.m.

At that time there was some discussion about shift work consisting of 3 shifts so that Barbados could become more productive. The unions discussed this and they agreed that it was a policy in the right direction. Now something has gone wrong. We were **thinking** of the 3 shifts per day in order that more work could be provided and that there would be more output. What has happened to that? That has gone through the window. The Government has to think about this and I hope that persons who have the interest of the workers at heart would understand that a lot of damage has been done. This is serious **damage** to the workers because they are suffering and they are living in fear when they get off of the minibuses or the ZM vans at night. Some routes at a particular time of the night have been abandoned and workers cannot get home. You are exposing those workers to whom you turn and look for production and to help this economy forward. Now you have abandoned them.

I want the Government to understand what has happened. No longer are we hearing people saying let us opt for a night shift or one that ends late around 11 or 12 o'clock at night. They are not opting for it because the fear exists that when they get off the private transport system is not reliable. Let me make this point because they are not reliable. Some of them abandon the route after they experience some sort of attack on them. They are finished with that. That is why I feel that it is not too late for this Government to understand that it would be a wise policy for them to continue some form of public transport. The policy to abandon totally is wrong. It is a mad policy. It is injurious to the workers of this country and to the development of this country. I want the Minister to understand that I **am** advising him there is still time to look and review the decision that has been taken or mooted in the media. It is wrong. I can see the damage. What you are

doing at the same time is imposing further hardship on the old age pensioners and also on the workers.

Aside.

Mr. DeL. O. BRADSHAW: I do not want to listen to an aside about "reimburse". That is the wrong-headed approach to it. **You** reimburse the public transport. I want to know and the public wants to know if you are **going** to reimburse the private concessionaires. There is no policy on that. No one needs to teach me that. You have no policy in respect of reimbursing the persons who do private transport. If you are **talking** about what you have done now that you have abandoned the Levy and abandoned the Transport Board, what are you going to put in place? I want to hear that policy. The Ministry of Education should deal with that because it is a problem.

I must turn my attention to the Manifesto of the Democratic Labour Party. These things frighten me because at page 29 of the DLP Manifesto of 1991 it states under Transportation:

"The next DLP Government proposes to **continue** to develop the public transport system so that it will provide a frequent, reliable, safe and efficient topquality service to the people of Barbados. We hold the view that Government should continue to play the leading **role** in the provision of this service."

I **am** beginning to wonder. This is in the Manifesto. These are not my words, Mr. Speaker. These **are** the words of the very Government. This is their Manifesto and commitment that they have made to the people. This is their declaration. But now we are hearing a year later that what was put in the Manifesto is now going to be thrown through the window. Sir, I **am** not saying that one cannot change one's policy but an explanation is necessary. If there is going to be any abandonment of the pledges in this Manifesto, then I feel that Government has a **bounden** duty to explain to the people.

Mr. Speaker, I **am** saying that the Government in their Manifesto said that they would upgrade the transport public relations. Now I **am** asking a simple question. What are you going to upgrade when you are going to abandon the whole **transport** system? All I **am** saying is that this is the Democratic Labour Party's Manifesto and they said what they were going to do. Among other things, they were going to purchase 50 new buses. I want to know if the Government is going to proceed with a policy of purchasing these new buses.

In the measure before us, it says that these levies will **run** until December 31, 1993. I want to ask the Government this and I would urge the Minister to respond to this question. Is the commitment to purchase these new buses one of the commitments which the Government

will honour before the Transport Board is abandoned or before the levies come to an end? I have to be quite clear.

This is what the legislation has said. The Amendment said that Government will honour those liabilities incurred under those Acts and certainly this would mean that Government has to explain what are the commitments. I am not asking an unreasonable question. It is only fair that I ask and the Minister should respond to it. What are these outstanding liabilities? If you are going to sell the Transport Board, what are the liabilities? Who is going to take full responsibility for them? As I understand it, liabilities include monies owed to the National Insurance Department. That is what I understand. The Minister can get up and clarify this and let the public out there understand.

There are spare parts which have not been paid for. There are other commitments which the Government have. They have consultancy fees. They have consultants in the Transport Board. This is not a matter to be played with. Those people are going to be out of work. I want to know. It is serious. People are going to be out of work and not only the conductors, drivers and the clerical staff. But you will have no use now after the 31st, or when there are no buses, for those consultants. I want to know all of that. That is why I am asking sensible questions.

Sir, I want to know what deal are you going to give the workers. I want to know that. If you are telling me that the lucrative routes have been sold off, I want to know what are you going to negotiate with the organisation representing the workers. I want to know what sort of considerations you are going to give to them. Yes, I am in favour of some sort of cooperative system but it has to be carefully worked out and to the advantage of the workers. I am worried about that. No piecemeal approach to this is going to satisfy us.

1.25 p.m.

I am calling on the Union, the organisation which represents those workers, to be more vigorous in its approach to this. It is not a matter for sitting down, it is a very serious matter and I take it very seriously indeed. It is nothing I am making a speech or a fuss about, it is coming from here as far as these people are concerned, because I can see the dangers.

What are you going to do with the Transport Board, the building, the space in Roebuck Street? Are you going to sell that to get money? What are you able to do with it? I want the Government to tell me what they are going to do. What are the plans? I want to know all of this. What are they going to do with the buses that are lying down there for which they cannot find parts? What programme have they got to dispose of them? They have a programme to get rid of the rolling stock, those buses that can perform on the road, those buses that are road worthy. I want to

know what programme you have for those that are abandoned there, and the public wants to know, so do not come in here and think that when the Opposition or someone gets from this side and talks about transport that it is just being critical of the Government. If the Government feels this way, then they have the wrong approach to public life. If the Opposition cannot approach it in this manner, it is wrong in its perception about public life.

These are not questions for Permanent Secretaries to sit down and talk what is tantamount to foolishness. Something is unroadworthy one day and tomorrow you try to incorporate it in a system. What madness is that? Strange enough, I did not hear this coming from the Minister, but the Minister must understand that the Permanent Secretary made those statements in November last year. I am worried about the workers and the travelling public. What is going to happen to them? It is time that we understand that there is a lot more to the politics involved here.

The Transport Levy, according to what is going on, should be abandoned, but there are lots of things going on. If you have your commitments for sums of money to be collected between now and December next year to go towards a system which the workers' organisation should set up, tell me. I want to know that. I must know that. The Barbados Workers' Union should know that. You are collecting money down to December 31, but the Transport Board would have gone by then. I want to know if the money I contribute as a taxpayer towards this levy is going to help subsidise or give them a grant to get off the ground. If my money is going in that direction, yes, but if it is not, I want to get my money back. This is being responsible. In other words, I am saying I am prepared to make the sacrifice. Let the workers at the Transport Board, if they are going to buy it, benefit from my levy, but if the Government is not going to let them benefit from my levy, then I say it is wrong. Do not collect my money and not give the workers, I am prepared to give to those who need it. Let them set up a co-operative or give it to the organisation and let them carry that out.

I am not going to say that the move towards taking over part of the Transport Board system is wrong, we want worker participation. That is exactly what is the broad view of it. The Union cannot abandon that, get involved. I know the Union cannot do it, because as I understand it legally they cannot really take it on, but the Union can give some guidance. I want the membership and the leaders of the Union to understand that it is a different ball game. I will be critical of the Union if the Union does not take these things into consideration. They have nothing to lose, because at the end of the day the Government will be out of office but they have to continue to represent the workers.

We must **see** beyond the political aspect of life sometimes. It is serious and we cannot sit down and **see** this sort of policy being pursued and not speak out. We have to speak up and speak about it. People have made sacrifices over the years and we were praised for the best transport system in the world. Nobody in the Caribbean could compete with us, but now they are laughing at us. I **am** saying it is a wrong policy. If it is taken by one Minister, he needs to be told he is wrong. If it is taken by one Permanent Secretary, he needs to be told he is wrong. If the Government collectively **agrees**, the Government is wrong. I **am** in no sympathy with a Government that does not understand the role of public transport. It is unlike Britain. In Britain at least they have reserved some parts of it. The Government must have some portion of it remaining which they can control. Do you **see** where you are putting us? At the mercy of these private people. If they get up a morning and say they are not running the buses, that is the end of it and all of the people in Barbados who do not have cars, the workers, will be held to ransom. In other words, they can bring about a strike, they do not need the Union now. All the minibuses could be taken off the road and there would be a strike in Barbados. Barbados **would** be shut down. Think about it. This is some **food** for thought. What law do you have to stop them from withdrawing the buses off the route? You have none. Tell me what law you have to mandate them to **perform**? You have none. What regulations? You do not have it in there. You are telling me you need essential services **when** people have to get home at night, that you do not even have the consideration to let those people benefit from a public transport.

Aside.

Mr. DeL. O. BRADSHAW: There is no need for the Attorney General to talk about essential services legislation. I did not hear him speak, Mr. Speaker, I am talking about an Attorney General, I did not say the Attorney General in here. I said there is no need, I did not say he said so, I **am** not accusing him. I do not want anyone to feel that way.

Sometimes people tend to think that other people are ignorant, they do not understand. That is the very thing I do not understand about public life. You are talking about providing an essential service which would help people, an important, salient and vital service. That is what we mean, and someone is going to misconstrue that or interpret that to mean essential services.

What I am saying to the Government is this. You have abandoned the public transport system. When the problems come I hope you do not appeal to me in Opposition, or this Opposition, for any coming together. I will say I warned you. I will look for **Hansard** and show you where I warned you. I am prepared to give of my best to assist in these very difficult times. I hope the Government will understand. We understand what is meant

by that. The time has come when we all must learn that we must take certain advice.

Mr. Speaker, I could go on on this, but I will say this. There is still time for certain adjustments. I do not know if the Minister will be prepared to tell us how much money would be realised between now and December 31, 1993, how much more money would be going into the kitty, because I could understand there might be **commitments** and I hope it is calculated in this manner. If you **are** going to get rid of the **Transport** Board by March 31 and the levies will finish on December 31, I want to know what will happen during those months from March to December, if you will have had outstanding bills and commitments and if the money you are collecting during those months will be sufficient to take care of those bills. I want to know that, I must know that. It is simple arithmetic and commonsense, so you cannot tell me you are going on and not tell me what money you are realising and when you stop you still continue to collect people's money. The workers are going home anyway, so I do not want to hear that, because you must find money.

I **will** say one final word on this. I want the Government to consider very carefully what I **am** saying. Find a programme, determine where you are taking **Barbados** before you **talk** about implementing any training programmes. Have clearly in your mind where you are travelling and your ultimate goal and then determine the relevance of your training programme. I want, the Government not to put this in the hands of a few people who are self professed experts in training. I want the **Government** to monitor these things. It might be the good intentions of the Government, but I know what could happen. It could cause **frustration** to the other people out there. To frustrate the Government is one thing, but frustrating the people is a more serious thing. I am yet to **see** and hear clearly from the Government where they **are** taking Barbados and what will be the training programmes. I don't want to hear about basket **making** and shoe making. You talk that to someone who is totally dumb about training.
1.35 p.m.

We are **talking** about having a clear policy. If you **are** going to look at Barbados 5 to 10 years from now, think clearly where you are going and have your training programmes. The Government must take the initiative, not a few people in an organisation. Government must decide where it is taking Barbados and set up training, hand down a clear statement as to what it wants **and** where Barbados is to go. Let the National Training Board, the other training organisations and the Training Unit weave themselves into that framework.

The Government can take that initiative and only that will satisfy. The Government will set good policy and put out a lot of money for mining, but the training will not

be relevant. What will happen, if you give people money and they start training in things that are not relevant, and next year the economic situation demands another change? You will have to ask yourself whether you have **mistrained** people.

Mr. Speaker, I hope that **the** Government will understand quite clearly why **I am** being critical. It is a matter of suggestion that the Government must monitor these things and set out in a positive manner where it is going and then have training roped into that so that everything will mesh. **I** think the whole country will be much better in years to come. Thank you.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, **I** really wanted to respond to a number of questions which were raised, and they relate particularly to the question of unemployment. I wish to reject categorically any suggestion that the Government is withholding information or that the Government is distorting information. I would like to make it abundantly clear that we cannot manufacture the information or the statistics. **I am** not sure where the Member for Christ Church South gets his information. It varies from week to week, Sir. Last week he was saying that the present unemployment rate was 30% and over. I don't know where he would have got his information, but I would be very happy, if as a member of the club, he would share that information with me because **I** would be very concerned about that particular statistic.

Asides.

Rt. Hon. L. E. SANDIFORD: Today, **I** heard, Sir, about 23% at the end of March. Sir, the rate of unemployment at the end of the last quarter of 1991, that is, last December, was 20.1%. At the end of March the figure was **21.5%**, not 23%. The figures for June are not yet available. They have come out of the field, however, that information is gathered and is now being processed. That information is not available. **I** cannot tell you where **those** statistics and numbers that the Opposition comes up with from time to time come from. As far as the Government is concerned, we rely on the machinery which down through the years has been generating this information.

Asides.

Rt. Hon. L. E. SANDIFORD: Sir, **I** can only speak about what is available to me. No one takes pleasure in high unemployment figures, but this is a fact of economic life across the globe. Unemployment numbers are high in the developed countries according to their own history. That is known, Sir.

Asides.

Rt. Hon. L. E. SANDIFORD: **I am** saying that **in** all of the developed countries, the major industrialised countries, their unemployment numbers are higher than **traditionally**. This is a problem of the modern international economy. In the developing countries which **are** bearing the brunt of the problems, the unemployment figures are also up. We, ourselves, in Barbados are feeling **that**. It is to be expected, Sir, that if policies are introduced to deal with a specific situation to dampen demands in order to control the pressures for imports and the pressures for foreign exchange, the impact will be on unemployment. There is a trade off between unemployment, inflation and growth. Sometimes people **talk** as though there is some exact science that can get you the correct balance that will have all 3 of these, what they call the macro-economic indicators in balance. **I am afraid**, Sir, there is nothing as exact as that.

We have to try to seek the balance. We have stemmed the pressures relating to the external sector and now we are dealing with the question of stimulating the economy for productive, sustainable development and growth but we have to tread very cautiously and very carefully, but it will not help if the Opposition continues to put out information that bears no relationship to available information.

1.45 p.m.

I, Sir, would appeal to the Opposition to be more balanced in the kinds of information that they put out. Sir, that is all **I** would say at this particular stage. **I** merely wish to correct that misinformation that has been put out. Thank you.

Mr. SPEAKER: The Honourable Member for St. Michael North.

Mr. C. LeR. TROTMAN: The Bill before us seeks to repeal the Employment Levy Act and the Transport Levy Act and as I understand it, there will not be disagreement on the need to repeal these Acts but **I** think that for the record I shall make a few observations so that there are no misunderstandings regarding where **I** stand, regarding some of these matters.

In the first place, Mr. Speaker, in the matter of the Employment Levy Act, you are fully aware of the reservations I have and my disagreement with the approach to the matter. **I am** fundamentally and philosophically opposed to the matter of levies in the first place.

Additionally **I am** opposed to an arrangement where workers are called upon to contribute to a levy, the effect of which is to pay for their own severance. I have made that clear before and I wish to reiterate it now, Sir, because whatever the intention of this particular piece of legislation, it is still absolutely necessary that it be clearly understood that I do not believe that it can be proper to ask a person

to contribute to his or her own severance because that person has no say in the determination of whether that person will or will not be severed. Therefore it is not proper for us to have this kind of an arrangement. It has been my understanding that this would have been varied and it has not been, so it is necessary that it still be understood what is my position and that of my colleagues – I do not refer to Members of this Honourable Chamber, I am referring to my colleagues in the Trade Union movement – still remains the same in that regard.

I wish to say, Mr. Speaker, that in so far as the transport levy is concerned that I, like some others who have spoken, would have a concern regarding the matter of the Transport Board as an institution. The Transport Board, Sir, is currently under an arrangement by which it will go out of existence in the not too distant future – on or before March 31, 1993 – in the form that we understand it.

I have said before and I wish again to repeat my position, that as a representative of a constituency and a loyal Barbadian I do not believe that the Transport System in this country should be fully privatised. I believe that there is room and there is need for the Government of the day to be involved in public transport.

It is my view, Sir, that transport has to do with more than merely moving people from point A to point B at a particular point in time. It is my belief, Mr. Speaker, that the transport system is part of the structure that Government must move to address the matter of employment in this country in determining where employment opportunities will be provided, where industrial estates will be planted and to relate those industrial estates to where the demographic studies of our country have shown that there is a greater surge of people. A greater increase of people, moving to work from time to time, and Government must be able to relate to those kinds of phenomena and relate its transport system to those people from time to time.

It is also my belief, Mr. Speaker, that Government has a special role to play via the transport system in getting children to and from school in orderly fashion on time and that those people must not be subjected to, in this circumstance, an arrangement where a privatised system is called upon to provide for that transport. As a matter of fact, even in those greater, more industrialised countries, whose Governments control the IMF and the World Bank, which World Bank will impose constrictions of this sort upon us in this region, the transport of school children is a function of the state or a function of the government because even in those industrialised countries, the G7 countries, it is recognised that such a fundamental thing as taking children to and from school must not be allowed to be at the whims and fancy of supply and demand in the

market place, but must be part of the functional concerns of the Government of the day.

It is my further belief, Mr. Speaker, that particularly for us as a developing country, that the Government has a responsibility to recognise that those of our people, either those who are still at school or those who have left school and need to have recreational facilities or enlightenment facilities provided, which facilities they may not themselves be able to benefit from left on their own, and the Government's transport system must speak to those issues in such a way as to make our society better educated, more enlightened and better developed. Therefore, Mr. Speaker, it is my view that the Government's role in providing transport is multifaceted and multi-dimensional and therefore I cannot agree that there should be a transport system that is totally privatised, not in a fully industrialised society and certainly not in a society of the size and dimensions of Barbados.

Having said so I am recognising, Mr. Speaker, that we are into an arrangement where the transport system, as we understand it, is undergoing disbandment. We have a concern in this country for what that is going to mean, not only for people who have to travel to school and who have to travel to work – a concern at their level – but we have a concern at the level of those who are currently employed and a concern for the system in the way that it will run under a completely different arrangement.
1.55 p.m.

That is why, Sir, the organisation that I represent, the Barbados Workers Union, is interested in trying to organise a cooperative system for private transport in this country. This concern is not only for the jobs of the workers at the Transport Board but a concern as well, Mr. Speaker, for the traveling public.

I think it all has to commence from the position of understanding, Sir, that only poor people by and large, except for a few tourists, use the public transport system. These people use the public transport system because they have no other means of being able to get from point one to point 2. Our concern as a people ought to have to do with providing in the way we legislate and with providing in the way we manage in such a manner that those people who are least able to help themselves at least have got the benefit of the essentials for life. The essentials will have to do with the right, Sir, to housing and the right to a job. But it does not make sense to have the right to a job if you do not have the right to get to and from that job in good time so that you can keep the job. It is very important, therefore, for us to understand the special circumstances in which this matter is being addressed.

In the matter, Sir, of the privatisation of transport and the need for us to look for new avenues, I would wish to say up front that some of those concerns raised

about information **are** very relevant concerns and **are** very pertinent concerns. In the Barbados Workers **Union**, for example, we have got the concern which we have told you about of wanting to get involved in a **cooperative** venture which would **see** some 600 to 700 people employed. But that would depend on a number of considerations. It clearly depends, Mr. Speaker, on a total knowledge of what transport studies **are** yet to be **done** and what will be the outcome of those studies. It certainly will not make much sense for us to **ask** the workers of Barbados who **are** now employees of the Transport Board or who **are** among the recently laid off members of the Transport **Board** to put shares into a cooperative venture unless they **know** what the routes are that they will be able to direct and manage, unless they have some idea as to what will be the implication for those routes *vis-a-vis* the routes which are currently run by these ZR vans in the **areas** in and around Bridgetown, and unless they know the relationships between those routes and the routes that **are** to be run by the minibuses or any other transport systems including those which might be considered for the North of the country out of Speightstown.

We will need to know, Sir, what **are** the historical factors relating to those routes which operated before, what they are now, and what the new study will come up with. What amazes me, Mr. Speaker, is that even at the same time that we are discussing those matters it seems as though some of the bigger minibuses, if I may be allowed to use that language, have been so put under pressure by the smaller minibuses that they have now run to new areas for rescue. They are now running on those **routes** which we previously considered to have been the special routes of the Transport Board, the ones across country and the ones which the Transport Board workers may have been **looking** at **as** the areas which they would have been concerned in seeing if it were **profitable** enough for them to express an interest.

The one thing, Mr. Speaker, that nobody must believe either inside here or anybody from those who speak outside who want to choose to undermine everything we say. There is no point in anybody believing that we **are** going to want to enter **into** a venture which is not recognisable as being viable for and on behalf of the workers whom we represent. Therefore, unless there is total, adequate and full information which shows that the workers of the Transport Board will come into a system where they do not have to compete, because they cannot be equal where there is a little van holding 6 people that can pass a lot of traffic but **they** have a bus holding seventy. If there is not an arrangement where the routes are clear and where the routes historically have made a profit or where **there** are new **structured** routes which we recognise have the possibility to make profit, we are not going to be entering into any venture. At the same time, we want it to be absolutely clear that we cannot have chaos which seems to exist at the moment where when you believe that there **are**

certain routes **allocated** and when you look a second time those routes do not seem to be properly allocated or **allocatable**.

It is our view, Mr. Speaker, that if there is going to be the possibility for the workers – who should have the first opportunity or a first choice to select... but there cannot be any possibility for those workers to exercise their entitlement to indicate an interest if the best routes are taken off up front and there cannot be any denial of the fact that the short routes in the five mile radius that circles Bridgetown **are** the best routes, Mr. Speaker. This is so especially in a single fare structure either if the fare is **\$1.00** or **\$1.75** or whatever the fare may be. It should be obvious to all and sundry that the routes from Bridgetown to the Pine, Bridgetown to Deacons Road, Bridgetown to the University **are** the most lucrative routes. It is very clear that the routing system will have to be very carefully examined in any situation where the workers currently at the Transport Board or previously laid off from the Transport Board are being invited to share in the responsibility to take workers to work, to their enlightenment, and their children to school.

I would think, Mr. Speaker, that also of some importance to us in the matter of what is to happen is the need for a recognition of the size of the Transport Board as a place of employment where more than **1500** people were employed less than a year ago and where that number has been significantly reduced over the last **3** or **4** months. We need to be able to recognise that there will be the need not only to provide the opportunity for some of them to become engaged in a cooperative venture for transport, but that in other areas as well there will have to be systematic training. For the funds that were set aside, we should now be in a position to have the Ministry of Finance **talk** to us about having an arrangement for adequate and suitable training programmes to assist these people who in many cases have worked in transport for more than **25** years to find avenues in which to find alternative employment. But for those, Mr. Speaker, who are or will be engaged still in transport in a cooperative venture provided we get the information we want and we move with it, we think that there is need for very significant training as well. There is necessary **training** for a person who accepted instructions for **30** or **40** years of his or her life, who took orders and carried out orders blindly for that length of time, to bring that person to a level of perception and understanding where that person becomes co-earner, co-manager and co-director in a cooperative venture of his or her own cooperative transport system.

2.05 p.m.

There will therefore be the need for orientation and training, which we think the Government should assist us with, and we would like to believe that we should be ready for those discussions as a matter of urgency, but that that training would have to be arranged as part of the system

of information gathering and information dispersal and the sharing in a system where the management of the Transport Board and the management of the Ministry of Transport bring us as early as is possible into the full and total knowledge of the future within the transport system. Then together we would be able to build the transport system rather than find that people are continually being laid off between now and March and that we find ourselves in a situation where a hiatus develops some time between now and then, and that we have no transport system available and ready to transport our school children or the workers of this country in the intervening period between what we have now and what new structure there may be.

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, I move that the sitting be suspended until 3.15 p.m. today.

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

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.
2.08 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Mr. L. R. TULL: Mr. Speaker, at one point in this debate the Right Honourable Prime Minister made what can only be considered a very sorry intervention and it relates to the level of unemployment in Barbados. According to him the percentage of unemployment for Barbados at the end of the first quarter of 1992 is 21.5%. This represents a figure that is in excess of the level of unemployment in this country for the past 17 years.

For the whole period of the Barbados Labour Party administration – 1976-86 – a period that is usually referred to by the Right Honourable Prime Minister in a very pejorative sense, he is always using it **first** of all as a benchmark for Government's decisions and he repeatedly looks back to a period of 1981-1982 as almost a period for justification for what the Government is doing during this period. In the period 1981-1982, Sir, the unemployment level in this country did not exceed **13%**, **and** that is significant, because the very arguments that are being used today, the argument that there must be a dampening of demand, such as we have heard today and on other days in recent months, of necessity results in a contraction of economic activity which means a loss of jobs. If I am to understand the argument of the Right Honourable Prime Minister, he is saying you cannot have everything one time, you must lose jobs in significant numbers if you want to stabilise the economy.

That is a position, Mr. Speaker, that finds some difficulty on this side, because we are far more concerned about the human cost in these matters than in the bare, naked, **unspeaking** statistics. The Prime Minister is in effect saying: "You want to have a stabilised economy, you want us to do something about the balance of payments, you want us to do something about the foreign reserves, well people will have to pay." The price, Sir, is excruciatingly painful for a large number of people in this country.

The Government finds itself, Sir, hoisted on its own petard, because most of the things we are hearing in this debate, and indeed in this period, are statements that are diametrically opposed to positions taken by the Government in previous times. Not only in relation to statements made in the House of Assembly, or indeed in statements made in the Budget in earlier times, but also in the Democratic Labour Party's Manifesto of the last election, in the Physical Development Plan for the period under which we are now operating, and also when one looks at the land use study of the ABC Highway that was laid in this House either late last year or early this year. All these statements suggest one thing and the Government seems to be coming up with something else. This lies in the **fact** that the Government has no governing philosophy, it does not believe in anything, it just does things as the exigencies of the moment require. That is exactly what is happening. If perhaps there was something they could hold on to and say this is a common philosophy that will run through all our policies, then maybe we would not be in a position where we are being driven from pillar to post at every wind that blows through this country.
3.25 p.m.

Take the history of privatisation. The Democratic Labour Party has come out very strongly against privatisation. At the heart of its statement of 1986, something that was said all over the country was that the Government found – and these are my words in case they jump up and say that they didn't use those words – privatisation anathema and contrary to their political philosophy, whatever that was. Now, Sir, all we are seeing is not even true proselytising from international institutions, primarily the International Monetary Fund. Not even their proselytising has won over the Government to it. You cannot say they **are** converts because they do not speak about it with any fervour. They are not won over to the cause of privatisation. It is a temporary expedient because of certain circumstances. It is almost as if they **are** acting under duress. They are being coerced. They are having their arms twisted out of joint over this issue of privatisation.

Government enterprises are falling like 9-pins before a bowler's arms. There is no rhyme or reason to it. There is no orderly nor properly well articulated and publicised plan. The Government finds itself in this position where it has to get rid of Government enterprises to meet short

term demand. In this context, Sir, I speak with the other Honourable Members about the Transport Board. It is not long ago in this very Chamber, Sir, that the Members of the Government spoke very sternly about the need to keep the Transport Board as a public transport system. Incidentally, Sir, it is a point of view which I share. I don't share much with the Government but that is one.

There needs to be a public transport system. I would tell you, Sir, the problems that have ensued as a result of the partial dismantling of the public transport system in Barbados. I am not going to go into all the things you have heard so far, Sir, and which amount to mass confusion, but I have a responsibility to **speak** for the people of my constituency who like many people across Barbados have had the Transport Board service either removed or reduced. It has caused a number of social ills. I will tell you what they are.

As someone mentioned, old people cannot go to church because they cannot get buses. Of course, the **Democratic Labour Party** would not be **too** concerned since **their** late leader distinguished himself by heaping public abuse on the old women who are going to church on Sundays in their over-tight shoes. The mantle has been taken over by his successor in St. John. We have a situation in rural Barbados – and incidentally, in case anyone forgets I have a responsibility to speak for rural modernisation as Opposition spokesman in that area – in **respect** to the falling off of services from the public **transport**.

The school children are being affected. We have **gone** back to the stage where we are seeing **40** and **50** people waiting at bus stops in the country trying to get to town. The Government would suggest that the private **concessionaires**, the minibus people, can take up the slack. The trouble is that there is no provision for our school children to get the rebate that is given to children who travel on the public transport system. Children who use the public transport system are given bus tickets through the Ministry of Education at a much reduced cost from the normal user of the transport system. Why it matters, Sir, is that those children, like a number of children in St. George who have to take the minibuses, have to pay the full fare of **\$1.50**. It means that school children from St. George quite often have to pay \$6 in bus fare a day.

Asides.

Mr. L. R. TULL: The Honourable Member for St. John would like to think that children from St. George should only go to school in St. George, but they do go to school outside of St. George. Where there is no public **transport** system some of them have to take 2 buses and pay \$6 a day. Those are some of the problems we are experiencing.

I want to go further. We see the Government also pursuing a policy of dismantling agriculture. I mention the land use study in relation to the ABC Highway.

Asides.

Mr. L. R. TULL: We have a situation in rural Barbados where with the dismantling of **agriculture** people in rural areas have to go to other areas to find work. If they cannot find it, they have to go to other areas looking for work. Therefore, Mr. Speaker, they have to be using, when they can,, the private transport system because the Honourable Member for St. Michael North who has sat back idly – I am not attributing any malice – and let the public transport system collapse while the people of St. George and other **rural** areas find themselves disadvantaged in this regard.

In addition to that, the Deputy Prime Minister will do well to leave me alone. All the years I have been in Government, I have never been involved in any commercial exercise that compromises my position as a member of Government. Not even a fish and chips shop have I been involved in for **all** the years I **was** in Government.

I don't know why the Deputy Prime Minister doesn't keep quiet. His slip is showing. We have a situation, Mr. Speaker, where the Government's position as we are hearing from both sides of the House during this debate and since I have been speaking has manifested a blurring in public life between right and wrong. There is a blurring between propriety and impropriety.

One of the greatest legacies the Democratic Labour Party will leave when they are thrown out of Government will be the sordid stench of impropriety as a way of public life in Barbados.

3.35 p.m.

They have almost numbed the people in Barbados into not being able to feel the sensitivity any more of what is right and what is wrong. In many areas of public life the Democratic Labour Party Government **has** demonstrated that it is no longer interested in preserving those values and those convendons that have been hallowed by long acceptance in this country and that anything goes.

You were talking, Sir, about the level of unemployment in this country. The Government glibly moves over the issue of unemployment that has been the highest in almost 2 decades in this country. That is not a big thing with them. Not a word of concern comes through in anything that has been said on the Government side so far in that respect. This is at a time when the social security system in Barbados is under siege. It is being attacked and whittled down and the benefits available to people out of work have fallen and continue to fall, at a period when the welfare vote is butchered. The Child

Care Board is decimated. All the agencies of Government that would have been able to assist the people of this country at this particular period of hardship and soften the blow, **all** those, Sir, are under siege and the Government finds a lot to laugh and chuckle about in that kind of situation.

I want to make quick reference before my time is up in relation to the tenantry roads. The people in the agricultural tenancies across Barbados have good reason to believe that they have not been getting a fair share of the **economic** cake of Barbados, that for too long, the urban and suburban areas have been getting all the good things of life in relation to services, roads, good transportation, street lighting **and** natural gas and the works. The people in rural Barbados, like the people who live in all the **tenancies** in my constituency, who have worked hard for 300 years in developing this country and making it possible for the suburbs and the urban areas to benefit, find that they are always left off the train when the train is ready to move.

The Government had negotiated a contract with Inversiones in Venezuela to fix the tenantry roads. Again, this Government flattered to deceive. They got a few Venezuelans to go around in the rural areas and go into the tenancies and throw down some white **marl** and promise they would do the roads and the same Minister of Transport, who has destroyed a bus service, also destroyed their hopes of being able to go to **Kadooment** yesterday afternoon because they could not get out in many of those areas. They could not get out and if he would like the list of districts he can get them.

I say, Sir, they flattered to deceive because they had this contract with the Venezuelans to do the roads and they went in and spread some white **marl** and promised to do the roads. People almost had champagne parties because at long last, after all this time, something would happen. And then unceremoniously the Venezuelans were thrown out because the Government of Barbados refused to honour the contract made with them. That is why no work was being done.

The Government shamelessly put out that the International Monetary Fund, the IMF, do not consider that road project for tenantry roads **as** consistent with a structural adjustment programme. That is what they put out, Sir. I never heard anything more **idiotic**, more insensitive to the needs of the people in Barbados who need some help, **than** that particular argument. If the Government says that is not the reason let them get up in here and say what is the reason. That is what they have done with the country people. They have not put a street light in rural Barbados in the last 2 years. When the escaped prisoners were running all around the country in St. George and other parts of rural Barbados, you could not even go out in St. George. If the Honourable Attorney General does not know they were running around in St.

George, Oliver and company, he lives in Timbuktu. He does not know what is going on because even that was in the newspaper. They have no buses so if you get a ride with somebody you have to walk 2 miles or 1½ miles to get home at night in the country. There are no proper roads to walk on so a mile feels 10 miles when you are walking on those roads up in some **parts** like Windsor Tenantry and **Hannays** and Jordans Tenantry **and** those places.

In addition to that they can't even get a street light so you can get a few moments to manoeuvre when you **see** a shadow because there are no shadows because of the darkness. In all this, Sir, the Government considers it a big laugh that the people who deserve these services are not getting them. That is a big laugh for them, Sir.

The Prime Minister said that they plan to stabilise the economy and they have now moved to stimulation of the productive sector. They have not put a single penny in the productive sector and **talking** about stimulating, as if they are going to wave a magic wand and that is the way it is going to happen. To rename the Tourist Board the Travel Authority is stimulating it. I hope it is a way of rendering the Minister of Transport and Works redundant. I hope that is what it is intended to do, to render him redundant, because if it renders his job redundant I promise the Prime Minister that I will say that they have begun to stimulate the economy.

3.45 p.m.

Sir, we have this problem of rural electrification. We got this problem, Sir. This is added on and compounded to all of the previous problems where people in the country who get laid off or get their salary cut, or get their social security benefits cut, or who cannot get any money from the Child Care Board and National Assistance Board or any of them, **all** these are now asked to buy poles to get electricity connected to their houses. When the Barbados Labour Party was the Government, the Government made arrangements with the Barbados Light and Power Company to allow these small groups of people to acquire services on an instalment plan. In other words, they did not have to come up with all of the money at one time. That is no longer the case. This Government stopped it. All I can hear, Sir, is that they did not do anything. They are as virtuous as new born babes and I can stand here and see the halos all around their heads. But that is not how the people of Barbados are seeing them, Sir. They had better stop fooling themselves.

Sir, I want to make one other point in this area of employment. The Minister of Finance during his second last Budgetary exercise promised that there was going to be some money set aside for the training of the Transport Board workers who were laid off. They are asking all of the time, that is the Transport Board workers not

the members of Government because they do not care, as to when this re-training will start and in what areas. Those of us who allow accessibility to ourselves by these people will know that is the constant query by the people who have been laid off by the Transport Board. I am asking the Government now that we **are** discussing the abolition of the Transport Levy in this Bill to **talk** about it and give those people something to look forward to. As I said, all this Government ever does is **to** offer a lot of fine promises and then break them. The gulf between their promise and their performance is as wide and deep as the Grand Canyon, and that is the problem. A lot of fine and fancy talk all of the time and then dashing their hopes with these cruel and unfeeling things that they are doing.

Finally, Mr. Speaker, is this business about unemployment and all of the idle land around Barbados. The Government has a lot of idle land. They have even been fooling a member of their own **team**. The Honourable Member for St. **Michael** East, who in all of his political naivety, believed those on the front bench when they told him that they would make **arrangements** for the idle hands, the unemployed, who were laid off in his constituency to have land available in the Belle working. He will soon grow up in understanding who he is dealing with. I am **asking** the question: How is it that in a country where, by the Prime Minister's words, at the end of March of this year, that unemployment was 21.5 per cent? We can add on **all** of those 4 000 school children who just left school and probably at the most only 10 per cent of them got work and since the end of March the sugar factories were shut down or most of them out of work. I would like him to not just wait on any household survey now but use his innate intelligence that if it was 21.5 per cent at the end of March with that kind of new development **that** one can lay off in the public and private sectors since the end of the crop and people are not working and there **are** a new group of school leavers if it does not make sense to believe that the unemployment in this country is closer to 30 per cent than the 21.5 per cent as given by the Minister of Finance.

How can you have all of these idle resources around and such high unemployment and the Government has not got the imagination, creativity and ingenuity to come up with some kind of programme, however raw it may be, to put the unemployed people more in touch with the unused resources? That is one of the shameful things about the Government, that it somehow lacks the creative momentum to come up with engaging new policies. **All** this foolishness keeps coming forward and there is further pain and suffering. There is nothing new. They **are** reading all the books of things that have happened in other countries. Only last week, Sir, one read that the Government of Jamaica was being called upon to call a halt to the lay-offs in the public sector. As you know, Jamaica is in the IMF programme for probably **14** or **15** years and responsible people in Jamaica are still calling on the Government to stop the lay-offs.

We have heard in Barbados that a certain amount of lay-offs were targeted to meet a certain level and that was spelled out by the Minister of Finance and he left the impression that that would be it. But there is no dispute that the lay-offs continue and in the face of the **corridors** of the unions the Government is riding roughshod even though they promised in their Manifesto certain **pledges**.

Mr. SPEAKER: I have given you quite a bit of latitude. You are over by 5 minutes already.

Mr. L. R. TULL: My final sentence, Sir. The DLP is committed to certain pledges and to adjudicate on industrial matters. Regarding the disputes the unions **are** still waiting for the Government to honour is that it would establish a tribunal to hear and resolve those particular disputes.

Hon. P. M. GREAVES: Mr. Speaker, I grew up in Barbados where public transportation was provided in those early **days** by the private sector and that would have been the case for everybody in here who grew up in Barbados. It was only in **1955**, Sir, or **thereabout**, when certain persons threatened that over their dead bodies there would be no increase in bus fares, that the then Government took over the public transportation in Barbados.
3.55 p.m.

I also remember even the days before the concessions. There was random, if I may so put it, providers of public transportation, persons like the father of Senator **Amory** Phillips from St. Lucy. I heard of one **Cozier** from Speightstown and so on who also provided public transportation in Barbados. There were working people in those days, there were school children in those **days**. I went to school in those days, I did not go to school in the days of any Government owned public transportation, I lived way out in St. Lucy and I got to school every day.

Aside.

Hon. P. M. GREAVES: Check the **records**. The records will show whether I learned or did not learn. The same holds good, I believe, for you, Sir, **Mr.** Speaker, and for the Honourable Member for Christ Church South as well. I remember him very well as a schoolboy. He rode to school sometimes and he took the bus sometimes. **The** Member for Christ Church West too, Sir, walked sometimes and his stepmother owned buses privately too. There were no Government owned buses in the hands of Madam Ifill. There were good buses owned and operated by the private sector which got people to school and to work, and the only reason why those buses were taken over by the Government was because of a dispute over an increase of a penny. As soon as the Government took them over, the bus fares went way beyond the penny.

Aside.

Hon. P. M. GREAVES: Service improved what! They did not improve any service. These are the facts, so do not make it appear, as the Honourable Member for St. George South would know, that because the private sector will take over transportation in Barbados there is going to be a disaster. As a matter of fact, Sir, it was only in 1977 that the Government took over the rest of the private sector transportation, and what did it do? It took over the **Rocklyn** buses and whoever else was operating at the time and increased the permits for the minibuses. There was a tremendous increase in permits for those buses. That is the position in which we are in, so do not make it appear as though Barbados will collapse and fall, because Barbados was built up on private sector owned transportation.

Barbados did not begin in 1955, 1977 or 1978. They have some mental blockage when it comes to public transportation because of what happened in 1955, 1977 or 1978. This is the position we are in. I have come in here and I have said on more than one occasion, despite what the Honourable Member for Christ Church South would want us to believe, that the policy of the Government is to privatise the transport system. I said that in here. I said it during the Budget debate on one occasion and I said it subsequently in here and in due course this **Honourable** Chamber will know **all** the facts about it. When we are ready you will know all the facts about it, so there is no point making **all** this sort of noise. In due course, when the time is right, you will know.

I have said **what my** preference is and I will repeat it. The Honourable Member for Christ Church South likes to sleep or to forget and he cannot remember that I have said I prefer to see a small number of buses retained by the Transport Board for certain purposes. I do not intend to repeat things I said in here three or four weeks ago. It does not make sense. Frankly, like the Honourable Member, I do not think I have that much time on this earth to be coming here redoing things I have done before. Why should I be doing that? I intend to be moving on to do other things.

Aside.

Hon. P. M. GREAVES: Yes, like you and him and him. That is right. I can include you too. I am *sorry* the Honourable Member for St. Joseph feels jealous, Sir, that he is not included, but I can include him too. He knows that, because he knows that I know he can be included.

Aside.

Hon. P. M. GREAVES: You will have the plans when they are ready, you are not going to have **the plans** before they are ready. You must understand that.

They beat their chests about the Transport Levy as though the Transport Levy was the last thing on earth, this great innovation by the Barbados Labour Party

Government. I have grown up in a Government that has taken responsibility for transport and for roads without having to make any special provision for them, so therefore what was the Transport Levy but a new form of taxation? That is **all** it was, Sir, a new form of taxation which we had to administer for 6 of the 8 years it has been in existence. The Chairman of the Public Accounts Committee is here and he will in due course, I assume, have a look into it. I believe it has been administered in a proper way. That is my belief. This extra taxation was administered in a proper way.

Aside.

Hon. P. M. GREAVES: I believe that, but what should I come and say?

Aside.

Hon. P. M. GREAVES: Transport Levy. Among the things...

Aside.

Hon. P. M. GREAVES: Yes, to cover tenantry roads. I came in here about 3 weeks ago with a voluminous document, when we came to borrow some money, and I indicated then that **the tenantry** road repair programme will be in every parish in this country. Again, the Honourable Member for Christ Church South cannot remember it. It appears to me that he has a problem up here in remembering things. He can remember things that happened long ago but things that happened in recent times he cannot remember. He has a problem like that, Sir, but he is not the only one. A lot of people have that **kind** of problem.

4.05 p.m.

I came in here and I laid out the tenantry programme for every parish when we came about the money from the World Bank programme. I said then that tenantry roads would be repaired in every parish of this country. Sir, they do not want to remember these things and that is unfortunate but I cannot help for their memories.

Asides.

Hon. P. M. GREAVES: I am glad he mentioned the Venezuelans. That road programme has not been terminated contrary to what the Member for St. George South has said. I don't know of anybody who went around saying that the **IMF** says that the tenantry road programme is incompatible or inconsistent, or whatever word he used with the **structural adjustment** programme. The only person whom I have heard say that is the Honourable Member for St. George South. Nobody has ever said that about it. Let me repeat for his benefit and the benefit of those who

will be unable to remember next week. There are 43 roads under the Venezuelan tenantry road programme and that programme has not been terminated.

Now, Sir, we have come to the point where we are about to terminate the levies by way of this Bill. It is true, Sir, that we said at the time when the Employment Levy Bill was debated that it would be temporary. We are ending it. Don't make it appear as though we are making it permanent. Don't say this is another broken promise of the Democratic Labour Party. It is temporary and we are ending it. I am glad to hear the Honourable Member for St. Peter saying – I suppose the others don't have to say it because he said it for them – that he is supporting this Bill as, indeed, the rest of us on this side will be doing.

Mr. H. deB. FORDE: The Honourable Member for St. Michael North has sat down without even revealing to the House the plans which he has for the Transport Board. One would have thought that by now he would have those plans. He has started to get rid of the most lucrative routes of the Transport Board. He has started to close down the operation by sending home almost half of the staff of the Board already, and in my submission, in breach of the laws of Barbados, both the Common Law and the Statute Law. They have not been giving the workers whose services have been dispensed with at the Transport Board adequate notice of termination. Some of them have gone...

Asides.

Mr. H. deB. FORDE: There are people who have been working at the Transport Board for 16 to 20 years whom the Transport Board has sent home with a month's notice. I am saying that in those circumstances it is in breach of a common law right and the Government as the **major** employer in this country should be setting standards. It shows a callousness beyond what is reasonable and very bad employment practices. I am surprised sometimes to see that in a Government that boasts of having 2 or 3 trade unionists in its ranks that it can be so callous and cruel towards **the poorest** workers in Barbados that it disposes of their services with a letter hardly with a thank-you to people who have given long service to the country and in breach of their common law rights.

The Minister should take no comfort from presiding over a Board that adopts this type of employment policy. Mr. Speaker, I remain convinced that if we want an Unfair Dismissal Act in this country we want it for the Government. The Government has been dispensing with services of workers unfairly, **contrary** to the International Labour Organisation standards. The Transport Board is the worst example that we have of this in Barbados. Some of the workers don't know their rights otherwise they would be taking the Government to Court.

I would have expected to have heard out of the Deputy Prime Minister or out of the Prime Minister a clear statement as to when the workers are going to get their severance payments, those workers who have been sent home by the Government from the public service and the quasi-public services without being paid up to now their severance payments. Part of the purpose of the employment levy when it was extended by the Government was to pay the severance of these workers. The Honourable Member for St. Michael Central in his contribution has stated that he is fundamentally opposed not only to levies but to the principle of a worker being asked to provide money to pay his own severance. That was the position of the Barbados Labour Party when we objected to the Employment Act and the amendment that was made to it at that time. It still remains our position. I want to know how much money has been collected to date under this levy, how much of it is still in the Treasury and what has been paid out to the workers who are waiting for their severance payments and how much remains unpaid.

It seems, Mr. Speaker the Government should give an undertaking to Parliament to pay those workers interest on the money. I do not see why they shouldn't be paid interest, particularly those who have not been retrained and have not had any opportunity of being self employed either. I want in this vain to deal with the Prime Minister's intervention on the question of unemployment.

The **Prime** Minister makes a statement that there is a trade off **between** employment, inflation and growth. He did not develop the statement any further. He left it dangling in the air, I would have expected him to say that the reason why he is pursuing the policy now is eventually to restrain or **restrict** inflation and hopefully to get some growth. Sir, if he had said that, Sir. I would have taken him up on it anyhow. For the simple reason, that what we have had in Barbados over the last year is a significant increase in unemployment, a doubling of the inflation rate and a doubling of the decreasing rate of growth in the economy. If there is a trade off something must be wrong with the Government's economic policy which brings about doubling of inflation. A significant increase which I am going to **deal** with in figures of unemployment **and** no growth in the economy. Let me say this, Sir, I don't need to listen to the outgoing Governor of the Central Bank for him to analyse the Barbadian economy. His analyses over the period of the time that he has held the post have been completely off mark and have been characterised really by being a bad forecaster.

4.15 p.m.

A **couple** of months ago he was forecasting growth in this economy. When I made a statement and said that Barbados would end up this year with negative growth, he was telling us that we would get growth in the economy. The Prime Minister came in here, as well, and said to the House that he is forecasting growth of 1.5 per cent. That

is only a couple of months ago. Once again the Opposition has been proven right.

Ever since **1989** I was warning this Government that it was driving the country to the wall and Mr. Speaker, Sir, it gives me no pleasure to be proven right on the economy because the fall-out in terms of human suffering has been too great. I must emphasize, whether the country listens or not, we will do our duty by stating that every word that I have said on this economy since **1989**, has come to pass in this country, every word!

Let me say this, we are beyond recession. I want to repeat it. We are beyond recession now in Barbados. We are now in a slump. The Prime Minister must take note of that. We have had **3** consecutive years of negative growth in this country and in the words of the economist, that is a slump. It is not easy to get out of a slump.

Aside.

Mr. H. deB. FORDE: Somebody has awakened, Sir. You must have heard him but he is wrong about that. He obviously has not been following the **OECD's** figures and documents otherwise he would not make *sotto voce* statements that they have it in Britain. We are in a position of a slump with **3** consecutive years of negative growth. That is the situation that we have. Therefore the economy is going to take much longer **than this** Government is **talking** about and much more creative **measures** than the Government has so far shown, to deal with the structural problems of unemployment in this economy.

Now the Prime Minister gets up and he tells the House that the household sample **survey** figures threw up at the end of December **1991** unemployment of **20.1** per cent and that at the end of March the latest figures that are available to him is the figure of **21.5%**. It might appear to the House and those persons who do not study these things properly that the only increase we have had is a **1.4** per cent increase in unemployment in the last **3** months.

Now, Sir, I must go through this because I regret to say that I am having nowadays to quietly, both in the public and what not, deal with these matters and clarify them point by point. He has to compare like with like and he has **to** compare point by point. Now he has to look at the figures from March **1991** to March **1992** **for** that to make sense.

The period January to March is usually the period of highest employment in Barbados. That is the first point I have to make, Mr. Speaker. I am saying, even if I accept the Government's figures – household sample survey of **21.5** per cent – that what the Prime Minister is saying is that growth in unemployment is up **3.5** per cent, point to point, from 9th March **1991** to March **1992**.

Rt. Hon. L. E. **SANDIFORD**: On a point of elucidation, my friend the Honourable Member has given way. The only point of my intervention, Sir, as you will recall, was to correct certain information or misinformation that was being given. I was not comparing anything with anything else. I was simply giving the information from authoritative sources on the rate of unemployment in this country, available to us. It was said to be over 30 per cent in one instance and it was also said to be **23** per cent and I was merely giving the figure coming from authoritative sources. I was not developing any other point. If the Member wishes to develop another point he is free to but don't misquote me in that sense.

Mr. H. deB. **FORDE**: I have not misquoted the Prime Minister, Sir, but the Prime Minister is in the habit of giving the country **what** he says is the truth because he says he never says anything that is not true but I am going to give them the whole truth. There is the truth and the whole truth and the problem is that the Prime Minister sticks to figures that are dated. During the elections he was stuck in **1989**. I was dealing with the position in **1990** and **1991** and was proven right and I will continue to analyse the economy in terms of its current position and in terms of reasonable forecast all the time for the benefit of the public of Barbados.

Using the **same** household survey figures as at March **1991** the level of unemployment was said to be **18** per cent. So that if it is on the same figures of **21.5** per cent, what we have had within a year in Barbados is an increase of 3.5 per cent in unemployment. Now that is a serious position. I am even going to take the Government's word, **Sir**. Normally, Sir, again looking at the Central **Bank** Statistics you will find that at the end of March the work force is in the region of **122 000**. Those people in the labour force or eligible to be in the labour force are about **122 000** people. I am going to take it as **120.9** and I am going to take the Government's percentage and what really the Government is saying is that at the end of **March** this year, some **26 100** odd people were out of work. That is a serious criticism of the Government. Twenty-six thousand able **bodied** people who can contribute to the growth in the economy and to the growth in the GDP cannot find employment in this country. on the Government's own figures.

So that is a very serious criticism. Remember that those people cannot find anything to do. They can't maintain their families and they are not contributing to the growth in domestic products or in the **country**. So it is an absolute and complete waste of human effort.

The Honourable Member for Christ Church South has just drawn my attention. I was looking at the wrong figures. The figure for growth in unemployment is on page 87 of the Central Bank's Statistics for June **1991**, the first quarter, I was taking the third quarter. The first

quarter was 15 per cent so the increase is actually 6.5 per cent in unemployment rather than 3.5 per cent. Sir, 26 000 people **are** a lot of people and I am going to take accepted figures for the purpose of my argument. But I will show you, Sir, how dramatic things have been in Barbados and what a tremendous wasteland the Democratic Labour **Party** has been creating in this country's **economy**. Again, I am going to use the statistics, not mine but theirs, published by the Central **Bank**.

4.25 p.m.

The number of unemployment claims grew from 13 549 in 1990 to 18 209 in 1991. Sir, you can only put in an unemployment claim if you are thrown out of employment. You are not a **retiree**. So it means that eighteen thousand people in one year alone found themselves out of work in this country under the Democratic Labour Party's policies implemented by the present Minister of Finance.

Now in 1992 the only figures that have so far been published is for the first 3 months. In the first 3 months of January, February and March 1992 once again when employment has been traditionally for umpteen years in Barbados at its highest because it is a tourist season, 5 359 additional souls were thrown on the wastepaper roll and looking for bread in Barbados, an average of 1 800 people per month. This is during the crop season, Mr. Speaker, when the crop is at its highest and during the tourist season when tourism is supposed to be at its highest. You ask yourself, how a Governor of the Central Bank could honestly issue a statement saying that the economy is stabilised. In the name of God, I ask myself, how can we be serious in Barbados and take things in this light when there is total disaster in this country's economy. The Government feels very smug about it. I cannot be happy about it and I cannot give the Government any applause for stabilising anything in Barbados, because unemployment is **chronic**, the economy is in a slump, no development is going on and every sector of the economy has been totally destroyed.

Sir, you know the Central Bank said that the over-performance of the NIR reflects the impact of the tight economic measures in place and the ongoing uncertainty in the private sector. That is the estimation of why the Net International Reserves have shown an increase. Why boast of an increase in net international reserves, telling me that is your leading target and saying **that** you **are** over-performing **because** you have **tight** economic measures in place and ongoing uncertainty in the private sector?

Let me tell the Prime Minister something, Sir. I have studied the Central Bank's statistics that are published as to the monies coming into the banking sector. I am saying to the Government that no money of any significance has come in to the banking sector of Barbados to show that the

Barbados economy is earning any foreign reserves. The Prime Minister should be **worried** about this. What has happened? Two things have happened if the Minister wants to know. In the first place, the Government has sold off assets and that money which is a one-off sale is reflected in your foreign reserves and that is why your NIR is up. The second thing that has happened is that the Government's draw-down from the IMF has **reflected** in a better foreign reserves position and the third which is daunting for me as a Barbadian is this. The Government has now benefited from the fact that the private sector has started again to make use of the suppliers' credit that are now available for them.

Now if the Government wants to know what happened last year, it is this. Once people had ordered goods, they paid for those goods up front so foreign reserves went. Secondly, the other thing they did was to make sure that any outstanding debts had been paid off immediately. They are using the suppliers' credit which is true, but at the same time the economic activity in the private sector has slowed down and the Government can prove this because the very Governor of the Central Bank acknowledges that Government's revenues, which mostly flow in this case from indirect taxation, did not reach their forecast.

Sir, I am going to prove it another way. I am saying to the Government that when you look at the export figures, and this is the most worrying sign for me as a Barbadian, we have shown no improvement whatsoever in our export figures. The Minister of Trade, who has recently taken over Trade, looks up at me because he knows that I am right on this. The most worrying factor for me is that the productive sectors are not earning the foreign reserves that we must earn if we are to get out of this crisis. I see no measures in place to encourage the earning of those foreign reserves.

The sugar industry had 55 000 tonnes, and despite an increase in the amount of Barbadian dollars coming from the payment for our sugar under the **LOMÉ** Agreement based on the value of the ECU, yet our foreign reserves have not benefited significantly because of the low tonnage of sugar which we have.

Manufacturing has been decimated and some people say that it has been castrated, Sir. When we attacked the Government in here on how it was approaching the issue of placing duties on the manufacturing of raw materials, the Government thought that we were doing this only to get support from the manufacturing sector. We are doing it because we say that it is the wrong policy at this time for Barbados. I make no bones about our position, Sir. **Our** position is absolutely clear when it comes to trade liberalisation. Tell the International Monetary Fund for the Barbados Labour Party and tell them for us very clearly that a policy which is asking the manufacturing

sector in Barbados, in particular, and the Caribbean in general, to lower **their** tariffs to the extent that we are exposed to the full fury of competition to more developed economies who at the same time are subsidising in different ways their manufacturers, is a wrong policy for Barbados. It must be a wrong policy because it knocks us out from providing employment for our people at this time and it exposes us to the full fury of competition on an unequal playing field. That is why we object to it, Sir.

Mr. Speaker, I got hold of the **UNCTAD** Statistics and the **GATT** Statistics showing the level of support given by the top giants in the world economy from the United States, Germany, France, Britain, Italy and Japan and also the top developing countries consisting of South Korea, Thailand and Malaysia. Each one of them had a level of protection for their industries that was higher than what we were giving to ours. It would surprise you, the level of protection which the United **States** give to people who produce and manufacture sugar in the United States. Yet the Government has gone ahead and accepted, willy nilly, from the IMF measures which call for virtually destroying the manufacturing sector to the extent today that in this year we are going to **earn** less from our exports than we have earned in the last 2 years. The result is unemployment. It spells out in those **26** thousand people whom the Government is now admitting are out there without jobs, without the wherewithal of providing clothes for their children and food for them to eat. The people who live in the Housing Area in my area are unable to meet the increased rents that are being demanded from them. That is the tragedy we have.

4.35 p.m.

When we are merely thinking that we are implementing a budgetary measure that calls for the repeal of levies, in human terms we are doing something that has great significance for a large number of our people who are feeling the pressure and the strain that has come on us in the last 3 years in this country. So I cannot accept the Prime Minister's figures and his arguments as they are thrown out to us, as though they are just dry bones and have no significance. They have a lot of significance to me as a human being and they are even more **worrying**, Mr. Speaker, when I consider them in the context merely of promise and no performance in relation to retraining.

You will remember, Mr. Speaker, very early in this Parliament I said that you cannot go into a structural adjustment programme without 2 things that were immediately necessary. One was some compensating provision for retraining the people that were going to be thrown on the labour market. You had to have that in place, because it was a safety net. We are well on into this programme and only a few days ago the Prime Minister said he had released the first million dollars to the Training Board. You do not have **26 000** people out of work and talk about releasing \$1 million for retraining. The overall

figure the Government says it has this year in the Budget is \$4 million. That cannot even scratch the surface of the problem in any way, it has to go much deeper than that. I say once again that the Government has not thought out properly the programme of what is required.

The second criticism I give of the Government's policy in this regard relates once more to the failure to stimulate the productive sectors. It is a very serious thing, but the Government must recognise that there is some lag time between getting ready to implement a programme and when the programme can have impact. That lag time here is going to be very significant, because I say to the Government even in the tourism sector it will take you some time before you see the benefits of trying to restimulate the tourism market. You cannot do it for this summer, the summer is already gone; you cannot do it for the autumn, because you are too late, and I have not seen anything in place to do it for next winter.

Mr. Speaker, I wish I could hold out to the public of Barbados any hope from any of the measures which this Government has brought or is bringing before us. They are too late in repealing this levy, too late in dealing with the question of the Employment Levy. It should never have come in the way it has come. We told them it was wrong to put it on the workers in the way they did. I note that the Prime Minister has today signed an Order dealing with the revocation of the levy, the Transport Levy (Amendment) Order, **1992**. The employees will be relieved of it as of 1st January, **1993** but the balance of the levy will go through the whole of **1993** until 1st January, **1994** on the employers' part of the levy. That too is dampening the opportunity for refloating the economy and bringing employment to us. It is a very bleak prospect ahead of Barbadians and I again urge the Government, as I have in my public statements and in my meetings with other Leaders throughout the Caribbean said, and it is part of the policy of the Labour Party, that Caribbean countries must learn to negotiate structural adjustment programmes, not in isolation, but together. If we have not learnt from the damage which has been done to the economies of Guyana, Jamaica and now Barbados, and to some extent Trinidad and Tobago, by our going to the International Monetary Fund in an individual capacity and trying to argue with them, I do not know when we are going to learn. We must in the Caribbean come together on this point and try to strengthen our negotiating stances *vis-a-vis* international organisations.

I want to end on this statement, Sir. The Caribbean countries and Barbados must recognise that the IMF and the World Bank have one standard for us and another for those who can flex their muscles. I note with more than passing interest that what is being demanded of us is not being demanded of Russia and the former Soviet Republics. In our view, Sir, all of this could have been avoided

had the Government shown the prescience of mind and had listened to the advice given by this side, but at the end of the day as a Barbadian, and as the Leader of the oldest political party in this country, I say to the Government, find a way of joining with the other Caribbean countries in negotiating in future with the international financial organisations.

4.45 p.m.

Mr. D. A. C. SIMMONS: Mr. Speaker, I want to ask the Minister 2 questions. I have to declare an interest in respect to certain clients who have cases against the Transport Board and who have judgments recorded against the Transport Board and for several months cannot get the judgments settled. These involve cases where the Transport Board suddenly dismissed workers and it was held by the Court that the workers were wrongfully dismissed and they have not got their award of damages. That is a very unfair situation for a quasi-governmental agency to find itself and to set a proper example as a former employer. If you dismiss a man and it has been held that you dismissed him wrongfully you must pay up.

Letters have been sent from the Minister of Transport and Works asking that people hold on. We hear talk of March next year. I am talking about workers who have lost their jobs within the last 18 months who had nothing else to do. I would like to know from the Government in its reply how soon these people who have been unfairly are going to be paid and who is going to pay them.

I have some mechanisms available to me which, unless I get a satisfactory answer that tells me that shortly it will be paid, I will sell out a couple of buses, **BM202** and all of them. I will just stick a levy on them and get them sold out or go for the manager's car. So if you don't want that kind of embarrassment let me know some sort of arrangement today and how soon the workers are going to be paid their damages.

Hon. D. J. H. THOMPSON: Mr. Speaker, it gives me great **pleasure** to wrap up this debate and to indicate the pleasure is even greater because this Government in 1986 indicated in its manifesto that it would be removing the levies as soon as possible and this particular measure along with the removal of all the levies except the training levy by January 1994 will represent keeping faith with regard to that particular promise which was made. It will also mean a considerable burden would have been lifted from many of the workers in Barbados because these levies are calculated on the basis of their gross income. It would remove a burden which they have been bearing for some time and which the Government feels has been a large burden and one which should be eased.

I think it is necessary to end the debate by commenting on the remarks of the Honourable Member for

St. Peter even though he is not in his seat. I certainly did not think myself that the time would ever come in this House when I would hear him almost calling on members of the Government and Opposition to rely on the Household **Survey** which is done to determine unemployment statistics in Barbados. He spent the last 5 years in this Chamber in the previous session **questioning** the very basis and methodology that has been used by the **Statistical Department** to carry out that particular survey. It seems to me strange that he would wish us to release the information which he, himself, suggests is so unreliable and which should not be the basis of any analysis of the unemployment situation in Barbados. Even worse than that in relation to a capitulation or what we would call "a Daniel come to judgment" is the statement of the Honourable Member for Christ Church South with regard to the National Conservation Commission. This is really a case of great irony, or poetic justice, because I was privileged also in the last session of the House of Assembly to be in this Chamber when we had a number of Supplementaries coming to the House with regard to funds payable to workers at the NCC, when the members of the Opposition then carried out some of the most searing criticisms of Government's employment practices. They accused this Government of running a corrupt operation at NCC, of employing people when they shouldn't be employed and a whole range of other criticisms. In this session, Sir, now that what the members of the Opposition apparently wanted to be done has been done, they are suggesting that those same people should be re-employed. I want to let the House know what the position of the Barbados Labour Party was, just for the benefit of the record, because the Honourable Member for Christ Church South may not know what he is **talking** about and there is nothing wrong with that. Sometimes we don't. On Tuesday, December 8, 1987 in the **Hansard** Debate.

Hon. H. B. St. JOHN: On a point of order, Sir, the Honourable Member is speaking about what I said today. The Honourable Member is deliberately giving the impression that I was party to something that was said in 1987 in the House. The Honourable Member must not impute to me as having said anything in here in 1987.

Hon. D. J. H. THOMPSON: That's fair enough. He is entitled to cut loose at any point from his responsibility as a member of a political party. That's not unusual in this House from **time** to time. He is entitled to do it. I am speaking about what the official shadow spokesman on Finance for the Barbados Labour Party said in 1987 which I understood at that time represented and he also said so, the position of the Barbados Labour Party at that time. I am going to quote now, Sir, from the speech of the then Shadow Minister of Finance, Mr. O. S. Arthur, page 1708:

" I must also say, Sir, that the size of this expenditure on the beautification programme,

otherwise known as the crash programme, has to be looked at in terms of the way in which it fits into Government's priorities... If we were to analyse expenditure on this programme as it should properly be analysed, within the context of Government's expenditure on the fundamental bases of the economy, then the only conclusion that one can draw is that obviously Government must have its priorities mixed up."

Now, the case was made in this debate for the workers of the National Conservation **Commission** to be re-employed to do work on the west and south coasts on the basis that the Government must have a critical role – those were not my words, but those were the words of the Honourable Member for Christ Church South – in providing certain...

Hon. H. B. St. JOHN: On a point of order, Sir. The Honourable Member is misleading this House with respect to my speech. I was most specific and said "beach cleaning". I was most clear. The National Conservation Commission performed a specific role in respect of tourism services in the form of beach cleaning, lifeguard services and **debushing**.

Hon. D. J. H. THOMPSON: The Honourable Member is also entitled to refine his speech and opt out.

Hon. H. B. St. JOHN: On a point of order. The point that I made and Your Honour can call for the record, I was most specific in mentioning the specific services. The Honourable Member is not entitled to say that I am now refining my speech because when he says that, he is saying that I did not say what I am saying I said, that I am changing the basis of my speech.

Mr. SPEAKER: There is no need for the records. I think the Honourable Member said exactly what I heard him say.

Hon. D. J. H. THOMPSON: Nobody has attempted to deny that. If the Honourable Member would just listen and permit people to finish their points he would understand what they are **talking** about. I quoted from the statement made by the then Shadow Minister who said that this was not a priority. It was not a fundamental basis of the economy. I am suggesting to this House **that** the Honourable Member for Christ Church South implied, if he wishes it put that way, that it was fundamental either to the development or to tourism in general that the beaches be cleaned. The people who used to clean them are the people who are not now employed by the NCC. Now, that seems to be the most sensible construction that anybody could put on his statement. That is precisely what I was going to say. All I am saying is – and there is no need to get hot under the collar – I am glad that in 1992 even though we were

being attacked in this Chamber for our position in relation to employment of people in 1987 that at last in 1992 we can have a sensible Honourable Member responding to this debate by saying that the Government policies, at that time, must have been reasonable, desirable and in keeping with the development of the Barbadian economy. That is my understanding of what the Honourable Member is saying and that will be my interpretation.

4.55 p.m.

This is what the Honourable Member for St. Peter said then, on page 1709.

"We now have a position, Mr. Chairman, where a large **part** of Government financing is putting pressure on the balance of payments of this country and in the context of such a situation we **are** increasing the public deficit by adding massively to public expenditure. It is a womsome trend, Mr. Chairman, and no matter how one may seek to justify the beautification programme I want to advance the **point** of view that these would merely be one shot activities unless this country has a sound balance of **payments** and sound reserve position on which to make them things of the future."

If we **are** going through a process where we have had to prune expenditure and cut back it cannot now fall from the mouth of the Barbados Labour Party, even though the Honourable Member has cut loose and said it can fall from his mouth, it cannot now **fall** from the mouth of the other members of the Barbados Labour Party to suggest that at this time there is need for a beautification programme. This is the point that I want to make in relation to this debate.

Then they go on to say that those were the days. They never praised the Democratic Labour Party for creating those jobs. The Honourable Members over there carried on in concert as if it were a crime. Squandermania at the NCC. Corruption at the NCC and all of these other things. Now as I say, it almost pains me in a sense because of the irony of it, to hear the Honourable Member for Christ Church South almost lauding the Government for the work that the National Conservation Commission did on **beaches** such as Bath in St. John, the South Coast and the West Coast. It just goes to show the basis on which some of the comments that are made in this House of Assembly are made from time to time and the kind of wishy washy approaches to issues of this sort which emanate from members of the Opposition and should not be taken seriously because they do not represent any philosophy, they don't represent any commitment to any particular development. They just represent getting up and speaking as the moment takes you and saying things that you think should be said without regard to what has happened in the past or should happen in the future. Curtailment of work at NCC has impacted. That was the first point.

The second point that must be made which is vital, relates to the question of the revenue neutrality of the **tax** proposals of which this measure forms part. The Government was at pains to point out that the revenue neutrality related to the entire period of the report. He made that point very clearly and you have to count as that period of **tax** reform July 1, 1992 up to the end of December 31, 1992 and in **that** period the adjustments were to be revenue neutral. Nobody suggested that in the first 6 months there would be revenue neutrality and therefore it is almost surprising to hear the Honourable Member for Christ Church South, who I know knows better – he knows better – suggesting that the Government said that there would be revenue neutrality in the first 6 months. **That** is not the position and never was the position and it is these **kinds of misrepresentations** about the **tax** reform which have led to considerable confusion in the minds of members of the public and even of respected accountants and other people who should know better and it is fuelled by an inability of Honourable Members, like the Honourable Member for Christ Church South, to constrain himself from making points without the benefit of the facts as presented by the Government in relation to these **particular** matters.

Hon. H. B. **St. JOHN**: On a point of order, Sir. The Honourable Member has now accused me of misrepresentation, Sir. The point is, Sir, that I accused the Government and the Honourable Member in particular, of not telling the public that the effect of the **tax** proposals in this year would be a gain to the Government of \$12 million. The Honourable Member has not answered that.

Hon. D. J. H. **THOMPSON**: Mr. Speaker, he has also said that it would have a revenue **neutral** impact in the first year and I **am** dealing with what I want to deal with. He is not setting the **agenda** for me in respect of this. The point is, if it is revenue neutral over the 21 years of implementation then it is revenue neutral. I cannot **see** that it makes **any** big **set** of difference for me to give him the figures of its impact from month to month or **from** year to year. We have indicated that the basis of it is revenue neutrality which means zero. No gain in revenue, no loss. **That** is all it means and if the Honourable Member does not understand that he **can** say so. I cannot think there is any other way to explain revenue neutrality. We never said its impact would be neutral in relation to individuals. We indicated that there are individuals who will lose in the process, particularly those who claim high levels of allowances, that therefore in relation to them it will not have a neutral impact. It will impact on their disposable income and those persons represent a small percentage of the **tax** paying public. Those positions were made and the figures are there, the statistics are available. The accountants have analysed them and those which are not developing the habit of **grinding** a political axe have indicated that the vast majority of Barbadians except the 3

206 persons will benefit overall from the reform of the direct **tax** system. That is clear and as far as I am concerned I cannot see that there should be any questions by the Honourable Members in relation to that particular matter.

I think the question, therefore, of the removal of these levies must be seen in the context of **Government's** ability to ensure that the tax system is more equitable and is more fair, particularly in relation to workers who are earning below the \$15 000 as it was or the \$13 000 to be introduced threshold that they would not have to pay the burdensome levies and other imposts that existed prior to the review of the direct taxes in Barbados.

It also gives lie to the assertion which was made by the Opposition's principal spokesman in the debate on the Supplementary Budgetary Proposals that Government did not intend to phase out the levies in the way indicated by the Minister of Finance and that in fact Government would be manoeuvring with the levies over the 2-year period and in **case** there was a shortfall in revenue that we would keep in place those levies. Well we have made the position clear and the legislation is here in July to give effect to something that is to happen in January. If we intended not for that to happen we would not have brought that legislation here in July. The Honourable Member for St. Peter, should have, I think, credited the Government for bringing this legislation at this stage to ensure that those particular criticisms of the Government at the time have been dealt with by action and not by any simple discussion or some indication of intent which is not matched by its actions.

The other point, Sir, relates essentially to **matters** of macro economic policy and a lot of wild assertions have been made, while in the sense that they are way off the mark. I wish to make the point in here again because it must be made. Of the assets which the Government of Barbados has so far sold by virtue of a programme to privatise, all of them will be available within the next 5 to 8 years to the people of Barbados. The Agreements for the purchase of the shares in Barbados External Telecommunications and Barbados Mills Limited have in clauses such that those shares will be made available to the public of Barbados. There is no basis on which to suggest that **those** assets have either been lost forever or have been alienated from the right or ability of Barbadian citizens to purchase them.

5.05 p.m.

I constantly make the point, Sir, that if you sell shares with a buy back option of 5 years, it seems to me that Government out of a deal like that has come out with a sound arrangement. The arrangement is sound for this reason. You have the present money value of the assets which were sold essentially when the economy was still in a relatively buoyant position one could say, compared

to some of the predictions that had been made for the fiscal year 1992. You have that money in your hand. There is no guarantee that in relation to the operations of those companies that they will be successful forever. In five years time, both of them could be in financial difficulties. That would be very much regretted but at least the Government has already the present value of that asset and that asset is likely to be available, particularly in the case of Barbados Mills, to the public at a considerably reduced price.

The Honourable Member for Christ Church South, since he said that he agrees and I know that he agrees, knows that the Government has come out of this particular deal with the Barbados Mills Limited and the Barbados Telecommunications a lot better off. So I am surprised when I hear these comments about waiver of transfer tax, selling off the family silver and all of these other comments that are made because they are grossly misleading. Any person who has a fleeting acquaintance with accountancy or the way in which shares are valued or any of the other bases on which you want to look at the transaction would see that the Government has acted in the best interest of the people of Barbados in securing the sale of those shares at prices which at the time were reasonable. They also had the present value of the money for those shares and there is every indication that when those shares become available to the public in relation to at least one entity they may not be as highly priced as they were at the time of purchase by the Government of Barbados.

The fact that not everybody understands these things should not detain us, Sir. There are people in Barbados who would never understand these things and that is why when people allocate responsibilities to them they are very careful as to the kinds of responsibilities they allocate. I cannot account for the deficiency of anybody in this House. But what I will say is that when persons who are knowledgeable like the Honourable Member for Christ Church South make assertions which are questionable, make assertions which the people of Barbados may rely on, then it is incumbent on Honourable Members over here to deal with those assertions and to make it abundantly clear that those things are not true.

Perhaps we have been reticent in making some of these things clear to the public of Barbados and, if we did so, perhaps the Honourable Members over there would have nothing to say in this Chamber. I could not believe that we could come in this Chamber today to remove levies that for the past 6 years they have been prodding, well I should not say cajoling, and almost twisting our arms out of the socket to remove. Now that we have removed them, some say that it is too late, some say they are not sure how the money was spent and some say they want us to investigate the Transport Board up to 1986. Why, I do not know. They want this Government now to investigate the Transport Board and the Transport Levy Fund to give it a

clean bill of health. Sir, there can only be one reason why the Honourable Members of the Opposition wish that to be done and I do not think that it will make sense for them to call on this Government to investigate that. The Public Accounts Committee which is so zealous to investigate can do so at the appropriate time.

I think those were really the essential issues that were raised in this particular debate, Sir. With those few words, I beg to move that this Bill be read a second time.

Hon. C. V. WALKER: I beg to second that, Sir,

The question that this Bill be read a second time was put and resolved in the affirmative without division.

On the motion of Hon. D. J. H. THOMPSON, seconded by Hon. C. V. WALKER, 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.

Clause 1 was called and passed.

Clause 2 was called.

Hon. D. J. H. THOMPSON: I beg to move that Clause 2 stand part.

Hon. P. M. GREAVES: I second that motion, Sir.

Hon. H. B. St. JOHN: Sir, I want everybody in here to understand in here what Clause 2 says. Clause 2 says that the Employment Levy and the Transport Levy Acts are repealed with effect from December 31, 1993. We are in 1992, Sir. It means that for the whole of 1992 levies have to be paid and for the whole of 1993 levies will have to be paid. It is only from the January 1, 1994 that levies will not be paid. The wording is as follows, Sir:

- "Clause 2 (1) - The Employment Levy Act and the Transport Levy Act are repealed with effect from December 31, 1993."

Now the Honourable Member got in here and told this House that part of the levies would be repealed in 1992 and part will be repealed in 1993. That is an untruth.

Hon. D. J. H. THOMPSON: Mr. Chairman, I never said that part of the levies would be repealed in 1992. I used the words 1993 and 1994. I said January 1, 1993 and January 1, 1994.

Hon. H. B. St. JOHN: Sir, what we are passing here is very clear. It is untrue to say January 1993. I say that it is an untruth to say in this House that the Employment Levy and the Transport Levy will be repealed with effect from December 31, 1992. The Act is very clear. The Honourable Member must tell this House which parts of the Employment Levy and the Transport Levy **are** going to be repealed from January 1, 1993 **under** this Bill. He must tell us about this law that we **are** dealing with because we can only presume that, when the Honourable Member who is speaking on this Bill tells this House that part will be repealed, there cannot be any doubt about it. The Honourable Member just got up and repeated it. He repeated it in clear and distinct language that he said that part of the levies will be repealed from January 1993 and then they will be **abolished** in 1994.

5.15 p.m.

This Bill does not say that, **so** we want to know, because the Honourable Member is very good at accusing Members on this side of misleading the House and **so** forth. There is no provision in this Act for any **repeal** of the levies from January 1, 1993. This section does not do it. I want the Honourable Member to enlighten the House.

Hon. D. J. H. THOMPSON: That is essentially a non-point which could easily be dealt with. The Honourable Member can get as hot under the collar as he wishes. In introducing this particular Bill we indicated that effective January 1, 1992 the Health Service contribution is 0.5% and the Transport Levy, which is **1.75%**, would be phased out. To give effect to this, the legislation **seeks** to phase them out effectively in respect of the Transport Levy 1st January, 1993. If you look at the Bill, Sir, the Bill is very clear. "The Employment Levy Act and the Transport Levy Act are repealed with effect from 31st December, 1993." In respect of the contributions of the employees, those will **cease** to be in effect from January 1, 1993 in respect of the Transport Levy.

I cannot **see** that there is any difficulty with the particular provision, I certainly do not know what it is that the Honourable Member has difficulty with.

Hon. H. B. St. JOHN: Mr. Speaker, in the Explanatory Memorandum to the Bill we have here, it is stated: "This Bill would repeal the Employment **Levy** Act and the Transport Levy Act." It consists of 2 clauses. Clause 1, which was moved here, states: "This Act may be cited as the Miscellaneous Repeals Act, 1992." I specifically read Clause 2 three or four times and it states very clearly: "The Employment Levy Act and the Transport Levy Act **are** repealed with effect from 31st December, 1993." It has absolutely nothing to do with 1992 or with any part of 1993, except to show that the existing law will continue and it is only from 1994 you **are** repealing the Bill. That is what I want to get over, Sir, because the

Honourable Member is telling the public that they **are** phasing down the Employment Levy and the Transport Levy at this particular period of time. Not by this Bill. You are going to continue what it is right through 1992 and right through 1993. In 1994 it will be repealed, but not in 1993, not by this Bill. That is the Bill we are debating.

Asides.

Mr. CHAIRMAN: I would like Honourable Members to recognise that they cannot make statements when they are in their seats which they cannot make while they are on their feet. That is not correct. Do not do it.

Hon. D. J. H. THOMPSON: Mr. Chairman, the intent of it is very clear. The Transport Levy contributions and the Employment Levy contributions by 1st January, 1994 will no longer be payable. To give effect to this, this Act repeals that legislation from 31st December, 1993. If the Honourable Member wishes me to put it another way, the **day** after 31st December, 1993 nobody will be required to pay either the Transport or the Employment Levy, and the **day** after 31st December, 1993 is 1st January, 1994. That is it.

Hon. M. A. **KING**: Mr. Chairman, I believe there is a Transport Levy Order which should be laid in Parliament very shortly which will in essence deal with the problem the Honourable Member for Christ Church South has raised.

Hon. H. B. St. JOHN: That is perfectly clear, It is perfectly clear that the Honourable Member for St. John in introducing this measure did not take the House into his confidence and did not tell the House that in the interim the Transport Levy will still be collected, via the Transport Levy Order, and that this law is really dealing with matters that are going to take effect from 1994. The question I put to the Honourable Member was how much money **was** going to be collected and how much money it was anticipated that this, as part of the **tax** measures, would be collecting between now and 1994. Far from us misrepresenting facts in the House, Sir, the truth of the matter is that the Honourable Member has not read his brief correctly, or if he has read it, he has not followed it correctly, because he would not have allowed this House to move away with the impression that it is by this piece of legislation that the levies are going to be phased **out**. People who live in glass houses must not throw stones.

Aside.

Hon. H. B. St. JOHN: What assumption? Sir, it is a fact that the Prime Minister, the Deputy **Prime** Minister, the Honourable Member for St. John, nor anybody who spoke in here was given the clear understanding that the effect of this Bill would be that between today, when we were passing this legislation, and March and 1st January,

1994 the **Transport Levy** and so were still going to be collected. They **were** coming here and the Honourable Member was pontificating about the commitment they were having to honour their Manifesto, **that** they were coming here abolishing levies **and** we on this side were inconsistent. All of that the Honourable Member got on with only **to** be exposed by his own words. The Honourable Member is the one who is guilty of misrepresenting facts in this **House**.

Hon. D. J. H. THOMPSON: Mr. **Chairman**, I will not have that from the Honourable Member for **Christ Church South**. I moved the Second Reading...

Mr. CHAIRMAN: **On** what has the Honourable Member risen?

Hon. D. J. H. THOMPSON: **On** a point of order, Sir. I assumed he was finished speaking. I moved the Second Reading of a Bill. That is what I dealt with. In moving the Second Reading at the beginning, whether he was listening or not, whether he has the capacity to understand, or whatever other disability he is suffering from, I made it very clear that the basis **on** which the levies were being placed...
5.25 p.m.

Miss B. A. MILLER: Mr. **Chairman**, Sir, **on** a point of order. I am sick and tired of it in here. The Honourable Member for **St. John** constantly **points** out to people how stupid and ignorant they **are**.

Mr. CHAIRMAN: What is your point of order?

Miss B. A. MILLER: I am on a point of order.

Mr. CHAIRMAN: What is your point of order?

Miss B. A. MILLER: May I be entitled to **make** my point? It is insulting **to** constantly point out to Members, and he **does** it **to** Members on both sides, that they **are** stupid and ignorant when the point that we **are** discussing, here is a point which shows up ignorance on his part.

Mr. CHAIRMAN: **That** is no point of order.

Hon. D. J. H. THOMPSON: I made it clear. An incapacity could be that the Honourable Member was not listening. If she **chooses** to **construe** it as stupidity or ignorance, that is her business. I never intended that in respect of the Honourable Member.

Mr. CHAIRMAN: I just made a ruling that that was not a point of order.

Hon. D. J. H. THOMPSON: The point is that I moved the Second Reading of the Bill and at the beginning and again just now I indicated to the **Honourable** Member

and **all** Honourable **Members** how these levies would be phased out. There is absolutely nothing wrong with the Bill in relation to the language used in that Bill. There was nothing wrong with the statement that I made, whether from a brief or **from** my own words, to indicate how the levies were being phased out. **There** has been no attempt by this Government to suggest **that** all of the levies would be repealed with immediate effect or on one given day in 1993. We have indicated the basis on which **the levies** will be payable now and in the future.

I resent, Mr. Chairman, certainly when the Honourable Member has absolutely no **case** on which to make those submissions for him to suggest that somebody has misled the House. I moved the Bill in accordance with the terms of the Bill. I know that the only Honourable Member in here who could be labouring under any disability of understanding the contents of this Bill would be the Honourable Member for Christ Church South. There is nobody else in here who does not understand that the levies are being phased out. Everybody else in here stuck to the issue and clearly **understood**.

Asides.

Mr. CHAIRMAN: Can we have some order!

Hon. D. J. H. THOMPSON: ...the phases by which these levies would be phased out. The legislation is very clear and as a result of **that** I have absolutely no apology **to make**, if any single Honourable Member does not understand the English language or does not understand how I speak. That is not something I can apologise for or can rectify.

Hon. H. B. St. JOHN: I am not withdrawing the charge that that Honourable Member misled this House by failing to indicate clearly that the effect of this Bill would be that the levies would be phased out. The **Honourable** Member did not wittingly, or otherwise, mention that the Employment Levy Order or the Transport Levy Order would be laid in this House. The fact that he did not indicate the source of the continuation of the levies would be an Order under existing legislation, in my humble submission, amounts **very** clearly to misleading of this House. It amounts to misleading of this House because the legislation that we are dealing with says very clearly "with effect from December 1, 1993" and it does not say what is the position between today and December 31, 1992.

There is going to be a **collection** in that period of time. The Honourable Member is misleading this House because he wanted to give the distinct impression that he was honouring a commitment. He read the manifesto...

Hon. D. J. H. THOMPSON: Mr. Chairman, on a **point** of order, I never read from any manifesto. I

never indicated to the **Honorable** Member that any commitment with respect to repeal of all of the levies at the **same** time has been honoured. I constantly indicated that it was a question of phasing out the levy. I am not going to permit the Honourable Member to put words in my mouth. The fact that I did not refer to the Orders is immaterial. I was dealing with the contents of the Bill that I was moving in this House **not** Orders that have come subsequently.

Mr. CHAIRMAN: The Honourable Member has made his point. What I will say is that it will not serve any useful purpose throwing it backward and forward. The Honourable Member for Christ Church South has made his point. The Honourable Member for St. John does not **agree** with it. I think we can get on with the debate.

Hon. H. B. St. JOHN: I just want to make it clear that this Bill is not going to come **into** effect until January 1, 1994. Between today and 1994 the public will have to pay levies.

Mr. CHAIRMAN: That you said already.

The question that Clause 2 stand part was put and resolved in the affirmative without division.

On the motion of Hon. P. M. GREAVES 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.,

On separate motions of Hon. D. J. H. THOMPSON, seconded by Hon. C. V. WALKER, the Bill was read a third time and passed.

PAPERS

Hon. P. M. GREAVES: Mr. Speaker, Sir, there are a number of papers to be laid. They were not ready when the House began and I **am** seeking that we revert to the Order of Business in order that these papers might be laid.

Mr. SPEAKER: If there is no objection, then leave is granted.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I **am** commanded to lay:

The National Insurance & Social Security (Collection of Contributions) (Amendment) Regulations, 1992,

The Seventh Actuarial Review of the National Insurance Scheme,

The Transport Levy (Amendment) Order, 1992,

The Land Tax (Rebate) Order, 1992,

The Land Tax (Rebate) (Revocation) Order, 1992, and

The Land Tax (Rate of Tax) (Amendment) Order, 1992.

GOVERNMENT BUSINESS

ORDER NO. 4 - A BILL TO AMEND THE LAND TAX ACT, CAP 78A

Hon. D. J. H. THOMPSON: Mr. Speaker, Honourable Members will be aware that on July 7, 1992, in presenting the Supplemental Financial Statement and Budgetary Proposals on **the** reform of direct taxes, the Honourable Minister of Finance and Economic Affairs made the following announcement with respect to property taxation.

With immediate effect there will be a general **tax** rate of 0.95%. Secondly, a lower rate for owner occupied houses on the first \$100 000 of value at 0.35%. Thirdly, a **tax** discount for agriculture at 0.50% and fourthly, owners of properties over \$100 000 in value will pay 0.95% on the portion of value over \$100 000.
5.35 p.m.

Subsequently, it was further explained that in respect of owner occupied houses tax would continue to be applied on 70 per cent of the improved value which, **as** I understand it, is referred to **as** the taxable value of the property. So that in respect of houses in which the owner is **in** residence the tax would still be payable at 70 per cent of **the** improved value.

In addition to that the Minister explained that pensioners occupying their own houses would continue to pay tax at the rate of 50 per cent of **the** improved value and similarly owners of hotels will continue to pay tax at 50 per cent of the improved value.

Thirdly in respect of agricultural holdings in production, with an improved value in excess of \$300 000, the owners will benefit from a rebate of 0.50 per cent on the general rate of 8.95 per cent.

Fourthly, agricultural land in production with an **unimproved** value in excess of \$100 000 will also benefit from that rebate of 0.50 per cent on the general rate of 0.95 per cent.

Fifthly, the general rate of 0.95 per cent would be applied to vacant lands and agricultural land and agricultural land not in production.

Sixthly, that chattel house dwellers with lands valued up to \$10 000 will pay no more than \$50.00 per **annum**, and

Seventh, owners of rented properties will pay land tax at the rate of 0.95 per cent on 70 per cent of the improved value.

In order to give effect to those proposals which were made on July 7, 1992 a number of pieces of legislation, including the Bill which is presently in its second reading and those other pieces of legislation are as follows:

- (1) The Land Tax (Amendment) Bill, 1992,
- (2) The Land Tax (Rate of **Tax**)(**Amendment**) Order, 1992,
- (3) The Land Tax (Rebate) Order, 1992, and
- (4) The Land Tax (**Rebate**)(**Revocation**) Order, 1992.

I should perhaps indicate for the benefit of some Honourable Members the following:

Firstly, that in respect of this Bill Section 6 is amended to remove the differential in rates of tax that can be made between foreign companies and local companies. The differential in rates has existed for some time but in the majority of cases Government has been waiving this differential anyway because arising out of obligations under double taxation treaties and other **grounds of fairness** and other bases, since the **middle** of the **1980s**, the differential in rates has generally been waived so that the amendment of Cap. 78A which is the Land Tax Act, really gives effect to what presently obtains in most cases.

The Land Tax (Rate of **Tax**)(**Amendment**) Order, 1984 will be amended by the Land Tax (Rate of **Tax**)(**Amendment**) Order, 1992 to introduce **the** new rates that I indicated earlier. The Land Tax (Rebate) Order, 1992 comes into effect on July 1, 1992 and as a result of that the Land Tax (Rebate) Order, 1980 is revoked. This particular Order provides for the rebate of **tax** which I have just indicated.

Finally the Land Tax (Rebate) Order, 1981 will be revoked by the Land Tax (**Rebate**)(**Revocation**) Order, 1992. I beg, Sir, to move that this Bill be read a second time.

Hon. C. V. WALKER: I beg to second that and reserve my right to speak.

Miss B. A. MILLER: Mr. Speaker, Sir, this Bill speaks to land tax with reference to foreign companies. That is what it says on the top of it in the explanatory note. I want to speak specifically about land in Barbados which has been the subject of much public debate. I have very strong feelings about it, Mr. Speaker.

There is land, and reference has been made to local companies and to foreign companies which land, as I understand it, Mr. Speaker, Sir, part of the Kingsland Estate and several other surrounding estates, is not the subject of any joint venture between the Government of Barbados and another entity, where you would expect certain dividends to accrue to Barbados, and that is not unknown in Barbados. The **Hilton Hotel** and **Heywoods** are like that and there were other ventures. What I want to refer to, this land which I am made to understand is to be the subject of tax waivers, **tax** concessions and planning permissions, as I understand it, Mr. Speaker, is a business undertaking between a local company known as SBG and I hear about other foreign companies, one called Travel Ventures. I hear about **Thornbrook** and certain European investors, but this is a business undertaking, as I understand it, Sir, where the dividends will not be accruing or become payable to the Barbados Government and it has left many serious questions to be asked.

Mr. Speaker, Sir, in many countries where we have had stabilisation, in many countries in this hemisphere where you had structural **adjustment** economic recovery programmes, great havoc has accompanied and followed. Something that runs in common has to do with either the breaking down or the lack of certain basic institutions of which the Parliamentary process is one.

One of the things that I boast about outside of Barbados, more than I boast about it inside of **Barbados**, is that one of our great **strengths** in this country is that we have certain institutions, the trade union movement, the **parliamentary** process and the judicial process, which are beyond reproach. I am concerned, Sir, that the Parliamentary process is in danger of being undermined.

There are many questions which are being asked in the public domain, Sir, and as a parliamentarian they concern me. This is a large tract of land in Barbados. It is the subject of something known as a land use study, the **ABC - Adams/Barrow/Cummins** Highway, otherwise known as the Tom Adams Highway - land use proposal maps. I have found in it a map, one among several, which speaks to land development and there is a key, as there is to most maps, which tells you what the shaded areas mean and what the unshaded areas mean. In this map, Sir, which is already a document of this House, the unshaded areas mean agricultural land, mostly as I understand it with this project in the parish of Christ Church.

One of the questions being asked, Sir, is, what is **it** that SBG is putting in? This is not a venture including the Government. We have been made to understand that certain **tax** concessions, certain planning and other permissions and approvals may well be the input. The question is, Sir,

one of several. What is the *quid pro quo*? What is SBG getting out of it? We know what they are **putting** in. What do they propose to get out of this? What is the pay-off, **pay-back** or pay-day? I do not care how you choose to put it. What is going to be the return on the investment? You do not set up a company for sport or to pay fees to the Corporate Registry. This is a business undertaking of great enormity in Barbados and I think we are entitled to know who is putting in what, who is getting out what, and **who** is who. I think we are also entitled to know, Sir, if **this** is a first time venture on the part of these parties involved **or** whether Barbados is a pilot scheme. Is Barbados a guinea pig? **These** are important lands. But the most important question as far as this Bill before us is **concerned**, Sir, is **this**. What are the concessions being asked for and being proposed to be **granted**?
5.45 p.m.

There has been a lot of talk about **tax** concessions. I **am** told that this project has three major components.

Mr. SPEAKER: I need to get one thing in perspective. Are we dealing with something that has been accomplished or **something** that has been projected? In that case, is it something that is before the House that I can reasonably accept discussion on it? Some reference was made of some **firm** and **matters** of that sort which I **am** not privy to as a matter before the House.

Miss B. A. MILLER: Mr. Speaker, I will **try** to answer you on several counts. We were made to understand over the weekend that the Government has given approval to this project and that has not been contradicted. It is the subject of a Government Information Service release and it has not been contradicted by the Minister of Housing **from** whose mouth the release came. That is number one. Number 2 – This is part of the physical plan for Barbados.

Mr. SPEAKER: Yes, in dealing with the first question, if you are going to make specific references from any release, then the debate itself should be confined to the release **and** not things that are not in the release which I **am** waiting to hear as you would point out.

Miss B. A. MILLER: Mr. Speaker, I **am** speaking generally and about some matters specifically. This is a Land **Tax** Bill. I **am** concerned about **tax** waivers and **tax** concessions which the Government has announced that it is prepared to approve in respect of this company.

Mr. SPEAKER: Yes, but what I am saying to you is that I have no detailed analysis of it.

Miss B. A. MILLER: Neither do I, Sir. That is why I **am** asking these questions.

Mr. SPEAKER: Therefore, your questions will have to be confined in a particular way not to prejudice the whole reason behind the Bill.

Miss B. A. MILLER: I am not following you, Sir. I **am** saying that I am as ignorant as Your Honour is on this question. I am, therefore, asking either the Minister of Housing, **the** Deputy Prime Minister who is, I am told, party to this, the Minister of Finance or somebody to enlighten me on it.

Mr. SPEAKER: You are **asking** a question...

Miss B. A. MILLER: Several questions.

Mr. SPEAKER: ...but not debating the issue.

Miss B. A. MILLER: This is a parliamentary debate, Sir.

Mr. SPEAKER: Yes, but you said that you were asking a question in the context of what I said, because I cannot allow a debate where I do not have the relevant information to deal with the matter.

Miss B. A. MILLER: Mr. Speaker, with respect, we are living in days when we hear the Budget by radio. We hear it by TV even before we hear it in here and we are now hearing it by Government Information Release before we hear it in here.

Mr. SPEAKER: What I am saying to you in respect of the Chair is that, if I am supposed to deal with **matters** of which I can rule effectively on, the information must be very clear to me as to what is happening. Therefore, when you mentioned names with which I am not acquainted, I have to ask you what is that matter you are dealing with?

Miss B. A. MILLER: I am asking those same questions myself, Sir.

Mr. SPEAKER: Fair enough, but not a debate.

Miss B. A. MILLER: No, I am not swiping. I am trying to elicit information. As I said, Mr. Speaker, something is wrong with the **parliamentary** process when we can hear that the price of this and the price of that has gone up by radio, by TV, and by Government release before we hear it in here. This is 2400 acres of prime land in Barbados and we are going to hear that by a Government Release before we hear it in here. If I cannot come in here, Sir, with your indulgence because this is your House, to ask an important question about 2400 acres of prime land in little Barbados which is 14 by 21, where else can I go to ask?

Mr. SPEAKER: I do not think that you understood what I said. I already said that questions can be asked

but the debating aspect of it will be difficult. That is what I said.

Miss B. A. MILLER: Yes, I am hoping that somebody will give me an answer. We are made to understand that there are three components to this project. Golf courses, plural, is one component. We hear that hotels, plural, is a second component and we hear that there is a third component which has to do with housing development. What is wrong with it is this. I want to know what **tax** concessions will apply. That is what I want to know. We do not even know if they are investors because we do not know if they put any money in. That is why I want to know what people are putting in and what people are expecting to get out of it.

I want to know, Sir, whether the housing development component is expecting to attract the same concessions as the **hotel/condo** component. That is what I want to know. I want to know if the **hotel/condo** component is expecting to get higher concessions than ordinarily would be achieved under the Hotel Aids Act of this country. I am asking, Sir. I want to know if these developers or whatever they **may** be, because we still do not know who they are, will **be** getting more than what Sandy Lane, **Rockley** or Durans Development got.

There is another question that I wish to raise on this Floor, Mr. Speaker, and I do not think there is a **better** place to **raise** it. It has to do with **conflict** of interest. The Deputy Prime Minister, the Honourable Member for St. Michael North, according to the Release, was absent from the Cabinet meeting on last Thursday. I do not care whether he was absent **from** the country or not. It **was** put forward as a part of this Release that one **particular person** was absent from a Cabinet meeting, conveying an impression that any possible conflict of interest would be cured by virtue of the absence.

Aside.

Miss B. A. MILLER: It is not ignorant talk because the Prime Minister, no less a person, has said that there is a procedure in respect of declaration of interest and the Deputy Prime Minister would know what interest he would have to declare. What I want to know, Sir, is what interest has he declared in this matter. I want to know what interest the Deputy Prime Minister, the Honourable Member for St. Michael North, has declared in this matter. It is a long held convention in this country that a Minister should not profit privately...
5.55 p.m.

Asides.

Miss B. A. MILLER: I do not mind the noise around me, Sir.

Mr. SPEAKER: I will not allow any noise to disrupt you.

Miss B. A. MILLER: I do not mind the noise around me, **Hansard** will record what I am saying.

Aside.

Miss B. A. MILLER: I am not shouting at the Speaker, the last **person I** will shout at is the Speaker. I feel deeply concerned about this matter, because if parliamentary life is going to come to where I **see** it going I will not be a part of it in this country, Mr. Speaker, but I will be **damned**, and so will **all** of us be damned by generations to follow if this is what it will come **to**. **You** have to know what a conflict of interest is. It is not enough to absent yourself from a meeting and say that has cured any conflict of interest, not when you are going to expect to gain, and a Minister should **not** profit privately from benefits gained by virtue of his public office.

I want to say, Mr. Speaker, that this cannot continue. The Deputy Prime Minister should resign as Deputy Prime Minister and a Minister of Government.

Hon. P. M. GREAVES: On a point of order, Mr. Speaker. **The** clear imputation is that the Deputy Prime Minister, **who** is me, is gaining by public office from some private **investment** or decision. That is the clear imputation, which is absolutely, absolutely, absolutely untrue, and the **Honourable** Member should understand this. If she **does** not, then I **am** sorry for her.

Mr. SPEAKER: If the Honourable Member is imputing that kind of motive to another Member, then that certainly will have to be taken from the record. But what I want to interject here is that there is a **general** convention which we **all** have been accepting over the years in terms of Members being involved in any kind of undertaking where that Member absents himself, even in this Chamber, before they speak they make that declaration and one accepts that the Honourable Member is giving a truthful statement. So I do not think I will permit **anyone** to go beyond what we accept **as** the convention, **particularly** in this Chamber, to go beyond **the** point, until it is proven otherwise, I will caution the Honourable Member not to really extend beyond that point.

Miss B. A. MILLER: Mr. Speaker, all I am saying, and I am entitled to this opinion, is that in my opinion it is not sufficient to absent yourself from a meeting and to think that you have cured your conflict of interest by that.

Mr. Speaker, Sir, there is a history to all of this. There are **certain** things which are beyond the pale. When the Deputy Prime Minister, the Honourable Member for St. Michael North, sat down in a Cabinet which

redesignated a certain property in Spry Street in which he had a direct proprietary interest, there was conflict of interest. That is my opinion, to which I am entitled

Hon. P. M. GREAVES: On a point of order, Mr. Speaker. The Deputy Prime Minister, who happens to be me at this particular time, and I **am** assuming she is referring to me, the **Honourable Member** for **St. Michael North**, never sat in any Cabinet that took a decision on the **redesignating** of any property in Spry **Street**, because Cabinet has never been asked to redesignate any building in Spry Street. The **Honourable Member** is misleading this Chamber, Sir, and that is all she is doing here this **afternoon**.

Mr. **SPEAKER**: What I **am** prepared to state at this point in time is that if an Honourable Member makes an accusation against another Member and that Member has **categorically** denied that statement, then that statement cannot surface any more as part of the debate. The Honourable Member for St. Michael North has made the point, and he has **made** it categorically, and therefore I will not allow the Honourable Member to pursue that line of discussion in that particular matter.

Miss B. A. MILLER: I respect your ruling, Sir. These matters can be researched and the truth will surface. Where the Honourable Member for St. Michael North, **as** Minister for Civil Aviation...

Aside.

Miss B. A. MILLER: The Member for St. **Thomas** is not a member of the Government, and he can speak for himself.

Mr. **SPEAKER**: I **am** going to stay very close to the Rules of this House. The Bill before this House has nothing to do with the Honourable Member for St. **Thomas** or the Honourable Member for St. Michael North. If you say in a general way, perhaps, but the Honourable Member must not go down as if that is part of the Bill before the House.

Miss B. A. MILLER: I am with you, Mr. Speaker. All I was trying to show is a pattern of behaviour which leads me to believe that the Deputy Prime Minister, the Honourable Member for St. Michael North, is not able to clearly distinguish between what is a conflict of interest and what is not.

Mr. **SPEAKER**: But I have already ruled on that. I will take that from the record. I said I have already made my ruling on that issue and I think we should proceed.

Hon. B. M. TAITT rose to speak.

Mr. **SPEAKER**: On what has the Honourable Member risen?

Hon. B. M. **TAITT**: On a point of order, Sir. The Honourable Member for the City, speaking on the matter...

Aside.

Hon. B. M. **TAITT**: I have not stolen anything from you. My **turn** cannot come.

Mr. **SPEAKER**: **Make** your point of order.

Hon. B. M. **TAITT**: My turn is coming? Am I a common criminal? Mr. Speaker, the Honourable Member...

Asides.

Mr. **SPEAKER**: Order, please. The Honourable Member is on a point of order.

Hon. B. M. **TAITT**: The Rules of this House state that if an Honourable Member finds that a Minister has behaved in a particular way, there is a way in which it is to be proceeded with.

Mr. **SPEAKER**: I have already ruled on the issue. I have told the Honourable Member I have already ruled on the **matter** and I will not entertain any further discussion on it. Just continue with the Bill.

Miss B. A. MILLER: Mr. Speaker, for an Honourable Member to 'say that he stayed away from a Cabinet Meeting is like Governor **Clinton** saying that he smoked marijuana but he did not inhale it.

Aside.

Miss B. A. MILLER: I have been called worse things, Sir.

Mr. **SPEAKER**: I will not let this debate degenerate into anything other than a proper and honourable debate. Honourable Members must know how to contain or restrain themselves in this debate. I have already drawn the line for the discussion, I have already said that the matter before the House is as the Bill states and I gave the Honourable Member permission, if she felt to **ask** questions, in the context of a release but not **as** a debating point, because I do not have the relevant information to substantiate anything. Therefore I can only rule conscientiously on these matters if the Honourable Member will stick within the confines of the Bill.

Miss B. A. MILLER: Mr. Speaker, Sir, this is a matter of grave concern to Barbadians. All kinds of questions are being asked about this land.

Certain remarks made by Miss B. A. MILLER were ordered by Mr. SPEAKER to be expunged from the record at this stage.

6.05 p.m.

Mr. SPEAKER: If the Honourable Member cannot proceed along the lines of the debate, I will be asking the Honourable Member to take her **seat**. I **am** making a **firm** ruling. All Members in here, who do not want to be subject to the Rules of the House, will have to take what I interpret the Rules to be. That is my prerogative. I **am** not discussing any matter that is not relevant to the debate.

I have cautioned the Honourable Member. I **am** not **entertaining** any matter relating to what has been said and I **am** asking the Honourable Member to stick closely to what must be discussed under the Bill.

Miss B. A. MILLER: Mr. Speaker, getting back to land tax, I have a list of at least 1 dozen incidents between 1991 and 1992 where this Democratic Labour Party Government has granted **tax** exemptions to all sorts and conditions of people.

September 1991 – Exemption granted to **Barclays** Bank from withholding **tax**.

October 1991 – Cable & Wireless exempted of Rate of Interest Act re loan of **x** millions made to the Central Bank, etc.

November 7, 1991 – Cable & Wireless exempted from property transfer tax and stamp duties.

November 13, 1991 – Export Development Corporation, a Canadian corporation exempted from payment of withholding tax on interest on loan of **Can\$3.9** million to BNOC Limited.

It goes **all** down the line, even to 1992:

Statutory Instrument No, 56 – IMG Developments Ltd. exempt from the payment of withholding **tax** on fees paid to the company for a feasibility study of the proposed golf course at **Graeme** Hall in the parish of Christ Church.

When this Democratic Labour Party **Government** is soaking Barbadians every day in additional taxes and even in this House today it wants...

Asides.

Miss B. A. MILLER: All of these **tax** exemptions and waivers, Barbadians do not feel the benefit of that.

Asides.

Miss B. A. **MILLER**: Mr. Speaker, Sir, one of the reasons there is a lot of concern, and I speak for myself on this matter, is because there is a history to the way in which land use becomes a **matter** for public debate whenever the Democratic Labour Party is the Government. One of the questions people are asking about land in respect of tax is, if what we understand from the **Press** release is true about this so-called project, is not then every landowner in Barbados not obliged to **try** and obtain the best possible return on that land by applying for permission for change of use for tourism, industry or golf or whatever?

Is there any land use policy, Sir? That is a question that this side has been asking for sometime and we would want an answer to it. This Government says one thing and does another. Their physical development plan says one thing and they **are** doing another. Their manifesto for January 1991 says one thing and they are doing another.

We remember pre-1976, Mr. Speaker. This is the wont of the Democratic Labour Party. Good **agricultural** land at **Sandford** Plantation, Bagatelle, Blowers, Frere Pilgrim, Chancery Lane, all of that was cut **up**. The Barbados Labour Party came into Government in 1976 and put a stop to all of that. There **are** even people in Bagatelle to this day who cannot get good titles to their land. All that kind of land speculation.

Let us get to post-1986 – Cottage, St. **George**; the Valley. The Honourable Member is looking straight into my eyes.

Asides.

Miss B. A. **MILLER**: Mr. Speaker, Sir, there is deep concern, particularly, about the conflict of interest. What has the Barbados **parliamentary** process come to now? Like islands in the Caribbean which shall be nameless, where you have to come with money in your pocket if you have a project, and you have to know who to pay and you have to do like a certain man and walk through with a suitcase and **ask**, "Excuse me, which one it is in here into whose hand I have to put the money?" Is that what it is going to come to in Barbados? If that is so, I don't want to be part of it, Mr. Speaker. We **might** as well open the gates at **Glendairy** and let them come down here and sit down. It cannot come to this.

Mr. SPEAKER: I take that as a very sad reflection on this Chamber...

Miss B. A. **MILLER**: Yes, Sir, it is a very sad reflection.

Mr. SPEAKER: ... and if the Honourable Member is saying that the Members in here are equivalent to the members of **Glendairy**...

Miss B. A. MILLER: No. I am not saying that.

Mr. SPEAKER: ...then, I have a very serious contention.

Miss B. A. MILLER: I did not say that, Sir, because I am a Member in here.

Mr. SPEAKER: I think the Honourable Member knows very well the basis on which parliamentary language is founded. You cannot use any kind of language and think it is suitable for Parliament.

Miss B. A. MILLER: The parliamentary process is being abandoned, Sir, ~~that~~ is how I see it. Something has to be wrong in this country, Mr. Speaker, Sir, when you can hear about one Minister of Government speculating in land, another one speculating in property, another continuing to do other businesses while drawing a ministerial **salary**. We know that there is no law and I am anxious for the **day** to come. When I became a Minister of Government, Mr. Speaker – you may not know this – in September of **1976**, I had a statement of my assets and liabilities drawn up by my solicitor. I still have a copy of that statement in my possession and a second copy still lies in the vault of my solicitors.

Hon. B. M. TAITT: I am a Minister over here. The Honourable Member just said there was one Minister speculating in land and another speculating in property, I object to that, Sir. I don't speculate in anything, Sir.

Mr. SPEAKER: You are on a point of order. The Honourable Member is very fair in his objection. If a Member in this Chamber who is supposed to be an Honourable Member **believes** or has good reason to believe that he is the person to whom a remark is made in an offensive way then that Member should withdraw ~~that~~ remark. The Honourable Member has risen in that capacity. Therefore, I may now enquire of the Honourable Member if that reference is made to the Honourable Member who objects.

Asides.

Mr. SPEAKER: I do not want any cross **talk**. I need to get things in their true perspective. The Honourable Member has objected to a statement. The question is whether that statement is in reference to the Honourable Member who objected.

Miss B. A. MILLER: I have not made any reference to any specific Member, Sir. If he wants to wear that hat, he is entitled to wear it.

Mr. SPEAKER: A Minister of Government and any Member is entitled to get up according to the conventions.

If an Honourable Member feels that a breach has been made and he presents it to the Chair...

Miss B. A. MILLER: He wants to be excepted from that statement, Sir?

Mr. SPEAKER: Of course. The Honourable Member has objected ~~to~~ that statement.

Miss B. A. MILLER: Well, I except him.

Mr. SPEAKER: So, you withdraw the statement?

Miss B. A. MILLER: Yes. It doesn't mean he is not guilty of other things.

Hon. B. M. TAITT: On a point of order. If she says "it doesn't mean he is not guilty of other things" in the **same** context it means that I am guilty of other similar things, and I object to that.

Mr. SPEAKER: I have ruled already that the statement has been withdrawn and it has no reference or relevance to the debate. It has been withdrawn so therefore it is no longer part of the debate.
6.15 p.m.

Miss B. A. MILLER: Mr. Speaker, this is what I have to say in closing about this land tax Bill.

Aside.

Miss B. A. MILLER: No, I am not finished yet. Mr. Speaker, Sir, I and a number of Barbadians are interested to know about what **tax** concessions, what planning permissions, approvals **and/or** other permissions, approvals **and/or** other concessions, waivers, whatever, what is it that these investors **are** getting? And what **are** we going to get back out of it? SBG is not, I understand, registered as a non-profit or a not-for-profit corporation. I assume, therefore, it is a business venture, set up to make profit. I want to know what they expect to get out of it and I call again for the resignation of the Deputy Prime Minister who should know when there is a conflict of interest and when there is not. In my humble submission, Sir, there is a conflict of interest here.

Hon. P. M. GREAVES: On a point of order, Sir...

Mr. SPEAKER: I have ruled on that already. I have **struck** it from the records and there shall be no more discussion on that matter.

Hon. P. M. GREAVES: I would like this ~~to~~ go to the record as well, Sir...

Mr. SPEAKER: There is no reference to it in the record **because** I have ruled on it.

Hon. P. M. GREAVES: Okay, Sir.

Miss B. A. MILLER: I do not understand what is unparliamentary about what I have said, but I have to abide by the Speaker's ruling. What I **am** entitled to is my opinion which is shared by others as well, that there is a severe conflict of interest here. A very severe conflict of interest.

Aside.

Miss B. A. MILLER: No, it will not **be** kept to myself because this rot will taint the whole system and then everybody will feel he can do everything that he wants. You see, Mr. Speaker, Sir, we operate only by convention.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise on a point of order. My **understanding** of the Rule, Sir, is that if the conduct of any Member of this House is to be called into question it must be done so upon a substantive motion. I know of no substantive motion relating to the conduct of a Member of this House that would proceed such a debate. I do not believe, Sir, that the conduct of Honourable Members in here by reference and suggestion and innuendo could be tarnished in the way that the Member for the City is proceeding. It is absolutely wrong and it should not be allowed to continue.

Mr. SPEAKER: I have already ruled what should be taken from the records and I think the Honourable Member understood very clearly what I said. I said very clearly in distinctive tones that I would allow her to ask questions but there will be no debate as such. If those questions have been asked that is the matter but to go beyond my ruling in respect of other matters, the Honourable Member would be out of order and I will tell the Honourable Member why I am saying that, because the last point of order is **so** relevant and it refers to Rule 28.7. You cannot refer to the conduct of Her Majesty the Queen *etcetera, etcetera* or Members of either House. That is the Rule. That is why I said I would not permit any further discussion on the matter based on the context of that Rule. It goes on to say if you want to so do you have got to bring a substantive motion. That is the Rule.

The second point which I have difficulty with is obviously the question of what the second **reading** of Bills is all about and it clearly states that a debate may arise covering **the** principles and general merits of the Bill. I am not so clear that can be considered a principle or within the context of the general merits of the Bill. I am not clear that that can be done. So the Honourable Member has had a difficulty in putting forward her debate based on the conflicts between these 2 Standing Orders. So I am asking the Honourable Member to stay within the confines of both of them.

Miss B. A. MILLER: Mr. Speaker, Sir, I am not impressed by anything the Honourable Prime Minister said.

Mr. SPEAKER: But I have **already** ruled on that point of order **so** I don't want any reference on a point of order that I have ruled on.

Certain remarks made by Miss B. A. MILLER were ordered to be expunged from the record by Mr. SPEAKER at this stage.

Mr. SPEAKER: And eventually I will probably **ask** the Honourable Member to take her seat if I **can't** get her to comply with that. I am not entertaining any reference to conduct of Members whatsoever.

Miss B. A. MILLER: You **see**, Mr. Speaker, we can take as much as we like from the record in here, but out there, on the street, **the** people that we represent, the people that this Party are responsible to are deeply concerned and they are asking these questions. If we get in here and tip toe around them and as O. T. Alder said, keep peeping up under ourselves and pretend that we cannot deal or that we will not deal with these questions we too will be judged.

Mr. SPEAKER: I think it is fair for me to say to the Honourable Member that no one is trying to suppress debate or freedom of speech in these matters. What I **am** saying to the Honourable Member is that the difference **between** the Parliament and elsewhere is that we are controlled by Rules and therefore we have to operate within those Rules. What happens outside of Parliament has nothing to do with me. I can only control the debate within the confines of what the Rules say and I **am** sure the Honourable Member is very clear on that.

Miss B. A. MILLER: There is going to be a Parliamentary Question and I **am** going to use every Parliamentary device at my disposal to elicit the information I want.

Aside.

Miss B. A. MILLER: Yes, yes, everything. Yes.

Mr. SPEAKER: I **am** not permitting any cross talking.

Miss B. A. MILLER: In particular, I think I **am** entitled under this Bill to ask anybody. Any number can play out there. The late Mr. Barrow said 'after this fellow here any number can play out there so it is all the same thing. The same washy-kong, the same khaki pants. You understand?

Hon. B. M. TAITT: Mr. Speaker, on a point of order, Mr. Barrow said some things about her too, Sir.

Mr. SPEAKER: I am not allowing that...

Miss B. A. MILLER: I **am** accustomed to that and I gave as good as I got.

Mr. SPEAKER: I am reaching the point where the Honourable Member may very well be asked to take her seat because I have difficulty in relating to the speech in relation to that Rule I just mentioned. I have difficulty with it.

Miss B. A. MILLER: You **know**, if word gets out of here that Members made light of this issue, people are not going to think any better of us. They will think even less of us now. This whole institution of Parliament is already ... I know, Mr. Speaker, Sir, this is a matter which gives you concern.

Mr. SPEAKER: Very much so.

Miss B. A. MILLER: It is already, you know, much disrespected. The institution is not viewed as it used to be 20 to 25 years ago.

Mr. SPEAKER: And that is why I am doing my utmost best to tell the Honourable Member to stay within what she believes is my own ambition for Parliament. That refers to the question of language.

Miss B. A. MILLER: Language? The right language was the language of this place 20 years ago.

Mr. SPEAKER: Language in the Parliamentary context has always been stated to be temperate and moderate. You cannot use language that offends. I am not allowing Parliament to get to that level.

Miss B. A. MILLER: I understand that, Sir. Don't be so much led away by the form, Sir, it is the substance of what I am saying.

Mr. SPEAKER: I am concerned with both.

Miss B. A. MILLER: But the substance, Sir. I want to know about tax concessions, waivers, permissions, whatever. I think we are at a stage now and this is as good an opportunity as any for this important matter to come to the Floor of this House. We have had to rely on newspapers, call-in programmes, Government Information releases. We know that is now the style of this **Government**. But I am entitled to ask this question in here and I am entitled to an answer. If the Government chooses not to answer, well they will be judged by their silence. Thank you, Sir.
6.25 p.m.

Hon. H. B. St. JOHN: Mr. Speaker, the land tax is an important part of the revenue of Barbados. A perusal of the

Estimates would show that increasingly over the last 4 or 5 years the collection of land tax in Barbados has increased. As part of the policy of tax reform being introduced in Barbados based upon the reports which we have been led to believe informs the Government's policy for tax reform, it is envisaged that land tax will play an increasing role in helping to recoup **additional** taxation to pay for some of the concessions which have been given up. It is, therefore, clear in my opinion, Sir, and I submit to this Honourable House that the Government is doing Parliament and the whole nation a great disservice by the manner of its introduction of this Land Tax Amendment **today** and the associated legislation.

Once again, we have had an introduction by the Minister of State responsible for Finance and the principal spokesman so far on this measure in which the House is not being taken into its confidence and, in particular, the House is not being told what additional revenue will either be gained or be given up by the introduction of this Bill and the associated Orders that have been brought with it. It is impossible for a proper debate to take place in this House without looking at the Amendments to the substantive Bill which **are** before this House and the Orders that were made and laid in this House today.

Now one would have expected that this package would have been dealt with. But we are fortunate too, Sir, that we had distributed to us and, I use it because it has been distributed to us in our capacity as Members of Parliament, the Financial Statement and Supplementary Budgetary Proposals delivered by the Minister of Finance in this Chamber on July 7th. I have looked through the whole of this document and I cannot find anywhere any statement by the Minister of Finance nor by the Minister of State indicating what will be the cost of these measures of reform in relation to land tax.

Clearly, we are being treated as a group of people who are not entitled to be given this information. I must appeal to you, Sir, as the Speaker of this House because I do not believe that it is fair to Honourable Members of this House for us to be treated in this manner. How can we be treated in this manner when we have a Bill amending a specific piece of legislation? We have related Orders which affect the same law and nobody is going to tell us their inter-relationships in any clear and precise manner or tell us what is the financial impact whether by way of additional taxation being collected or whether it amounts to a tax concession. That is contempt for Parliament. We must put our foot down. There must be some canons of respect for this Parliament as an institution. They must do it and I am going to move, Sir, that we cannot debate this matter having regard to what has been done. None of these Orders were given early enough in this particular period of time for us to check them. Since they have been delivered here, it is only as a result of a specific request to the

Clerks at the Table and a super-human effort on their part to try and find the legislation referred to in the Orders as being amended and we have not been able to find it. How can we intelligently debate it? How can we intelligently debate this matter which must have some effect on the whole land **tax**, because this is our occasion? When we look at the budgetary process that we **are** going through with our procedures, we do not have a Finance Bill like in other countries in which **all** of the amendments to the legislation are contained in a Schedule to the Finance Bill in which you can debate the whole thing comprehensively. Other than the Budgetary Statements, you have, to wait until you get to the specific Bills which seek to implement the Budget to find out the individual components and the cost to the taxpayers of the individual proposals.

Now here we are today **treated** with the greatest degree of contempt. Half-way through this session in some last ditch effort the Honourable Prime Minister and the Honourable Deputy Prime Minister are going to give notice of these Orders which impact upon this legislation and we have not had the time to be able to check it.

Hon. B. M. **TAITT**: Sir, it is clear that we will have to come back preferably on Friday. In the way that the Honourable Member is debating, it seems to me that if the Honourable Member wishes to stop at this point and let us come back on Friday which will give him an opportunity to examine the matter and debate it full, I will be quite prepared if he signals to stop at this point. The Honourable Member is saying that he has not got the Orders and I believe that in the circumstances we ought to stop and let the Honourable Member have the opportunity. We understood that these two things would be done. I would not like the Honourable Member to feel that he is not able to debate comfortably. If he will signal, Sir, we will stop at this point.

Hon. H. B. St. **JOHN**: Mr. Speaker, my position is very clear. I am a **Member** of the House and I feel that if we are dealing with main legislation and associated legislation which obviously come together, because the totality of the subsidiary legislation and the amendment to the main legislation constitute the Government's change in the existing state of the law of land **tax**. We have not been able to look at them together and it is important. We cannot find some of the subsidiary legislation that is being amended despite **all** of the heroic efforts that we have been trying to do to see what it is. In my submission, Sir, we are not in a position to debate it and I would like to be able to look at it as a whole.

Mr. **SPEAKER**: I think that this is one of the problems we have had in this whole exercise. Since this has been creeping up fairly often, I think very often the complaints need to be looked at. I think the defect in this system is that we have not been using the conventions of

"whips" or **Members** from each side consulting with each other in an effort to get the smoothness of the business of the House run. I will no longer entertain complaints of Members having to debate issues in circumstances in which they find very uncomfortable. I am suggesting that we develop more effectively the convention of Members from both sides having much more consultations in matters of this sort which I believe will be an answer to some of the problems in which we are having.

6.35 p.m.

I am imploring Members from both sides to appoint those persons who will deal with those matters, so that when Parliament meets, unless unforeseen circumstances occur, the whole business of Parliament will be run much more smoothly. I am asking Members now, perhaps the Leader of the Opposition and the Leader of the House, to utilise that kind of communication link in order to smooth out much of the problems. I think we need to do that.

Hon. H. B. St. **JOHN**: Yes, Sir, further consideration has to be moved.

Rt. Hon. L. E. **SANDIFORD**: Mr. Speaker, I **listened** very attentively to the point you made. I do not think in this House it is a question of the normal procedures or customary channels of communication not being used. They are being used, but sometimes difficulties arise. I do not know if the Member for Christ Church South is a loose cannon or what, but we did agree there were 2 issues we would debate today and the others we will come back **to** discuss. That is what we **agreed**, but the Member for Christ Church South obviously has a different viewpoint.

Asides.

Rt. Hon. L. E. **SANDIFORD**: Do I have it wrong? I really do not want to go down that road, Sir, but I merely wish for the record to indicate that our understanding over here was that of the 3 or 4 orders we have to do, 2 of them we would attempt today and the others we would come back to debate. That was my understanding, but if now there are problems we are prepared to come back on Friday and debate the matters. We were intending to come back tomorrow, but there are certain difficulties with **tomorrow** and **we are** prepared to come back on Friday and discuss these matters. That is our understanding over here, Sir.

I agree with you, Sir, we are not attempting to force anything down anyone's throat. We have been very accommodating in these matters, and I would say that on a number of occasions the Opposition has been accommodating as well, because it is in the interest of this House and of this country that certain measures be dealt with, and dealt with as expeditiously as possible.

Hon. H. B. St. **JOHN**: Yes, Sir. When any question of **the** land tax was being dealt with, it was dealt

within the context that the single item that was changing the law in relation to land tax consists of the Bill which was before the House. Subsequent to the arrangements a number of Orders were laid in this House and Your Honour will recall that those Orders were laid at a very late date, so any consent that was given was given in a different context. What I am saying is that in the light of the Orders being laid subsequently, it is impossible for us to debate the Bill because we do not have a holistic view of the totality of the impact of the amendment. That is what we are saying.

Hon. B. M. TAITT: In all the circumstance, Sir, I beg to move that further consideration of this matter be postponed.

Hon. E. E. GREAVES: I beg to second that, Sir.

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

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, that brings us to the end of Government Business for today. We are going to move the suspension so that the Honourable Member for the City, who was given the assurance that her matter would be taken at today's sitting, would still have the opportunity to have it taken at today's sitting, but we are going to stop at this point.

Aside.

Hon. B. M. TAITT: Well, Private Members' Business. We will continue on Friday. There is one matter, Sir, that the Bill to amend the Income Tax Act has been circulated but there are some replacements which will be circulated now. Honourable Members should be aware that there is a replacement that is going to be circulated now for the Income Tax Bill which was circulated earlier, because there were one or two little changes that had to be made, so it is better to give clean copies to Honourable Members. The copies are here and they are going to be circulated.

I beg to move that this sitting be now suspended until 10.00 a.m. on Friday.

Hon. E. E. GREAVES: I beg to second that.

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting until Friday, 7th August, 1992 at 10.00 a.m. 6.43 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Hon. P. M. GREAVES: I move, Mr. Speaker, that consideration of Order No. 4 be resumed.

RESUMPTION OF ORDER NO. 4 – THE LAND TAX (AMENDMENT) BILL, 1992

Mr. SPEAKER: Is there anyone who wishes to speak on this?

Hon. W. O. FRANKLIN: Mr. Speaker, this Bill seeks to amend the Land Tax Act subsequent on the budgetary proposals in order to remove references to foreign companies.

The whole area of land tax within recent times, as a result of the Minister of Finance and Economic Affairs' new budgetary **arrangements**, has **been** causing a lot of discussion and I figure it might be useful to give some background to the whole area of levying taxes on land and property and the rationale behind the whole area of land tax.

Mr. Speaker, in the area of taxation, one of the aims and objects is always to try to levy the tax on persons who are more likely to be in a position to pay these taxes and to have these taxes applied as equitable as possible. The **same** applies to the land tax situation in Barbados. The area that has been causing the most concern is the area of taxation on properties not being occupied by the persons, since there has been an increase in that particular area, and most persons are of the view that that would create some type of hardship for the person.

When one looks at this area, Mr. Speaker, the rationale behind a differentiation of taxes for residential use and that for non-residential use is based on the fact that one presumes that in a society like Barbados and all over the world it is always one's ambition to own property for the purpose of providing shelter for oneself and one's family. In the case of Barbados it is a deep rooted historical fact that housing is the main investment of 90% of the people in Barbados. As a result, you will find that most people try to own their own houses. In this respect, I think the percentage of owner occupied houses in Barbados is one of the highest in the world. There is not a lot of renting of properties provided by Government in the sector for, the low income people or even by private investment and that is because of the belief by Barbadians that they should own a piece of the rock. This is seen in the quality of houses built by most Barbadians. As a matter of fact, it is a quality that amazes very many people visiting Barbados to **see** the quality of housing in Barbados, when they take into consideration the other parameters, salaries, *et cetera*.

Normally, Mr. Speaker, in the United States the barometer for one's ownership of a house is that the affordability of a house is gauged on approximately

5 times the gross income of the person. So if you find a person in America **working** for approximately U.S. **\$30 000** a year, on an average his house would be about U.S. **\$150 000**. A study of Barbados, anyhow, will show that in Barbados' case this is not so. In Barbados' case, one's ownership of one's house, if you examine it, can easily go as much as 9 times their gross annual salary. As a result of that, people not familiar with the attachment of Barbadians to their housing and wanting to improve and have the maximum comfort in their houses, sometimes hold the view that Barbadian **houseowners are** over extended, because when they are compared with North American standards it is true. We could well find in quite a few places people who are earning **\$30 000** a year may well have a house valued at about **\$240 000** and they are prepared to make that sacrifice because they **see** it as not only an investment for themselves, but an investment down the road and a kind of legacy they would leave for their children. Therefore, when one examines this, the structure of the land tax is such that the rate for the people who have owner occupied houses is low, since you want to encourage persons to do that.

On the other hand, there is a certain demand in the community as a result of ownership of land, and in the old Vestry time when the Vestry ran things like the Sanitation Department, road building, garbage collection, *et cetera*, these were seen as a charge against taxes from houses, and if you take it into extension, on the cost of the fire services, waterworks, *et cetera*. **All** of these can well be seen as Government expenditure being necessary as a result of the individual ownership of land, so therefore one would have to assume that persons who own property should realise that as a result of ownership of that property there are certain expenditures the Government must incur and therefore be prepared to assist with the expenditures by way of a property tax.

In the case of rented property, Mr. Speaker, there has been a difference where the percentage on rental property is higher and that has to be against the background that you presume that here is some person with some additional income that they can afford a property other than their residential one and therefore they have made the conscious decision, as an investment, to go into property as against putting their money on a fixed deposit, and that investment must always be seen as a good investment since it has always been recognised that property is about the only **hedge** against inflation and devaluation. It is the only investment that in 99% of the time it appreciates, so therefore in property, people find a gilt edge type of investment and one has to assume that if you are **looking** and basing the **tax** structure on the presumed ability to be able to pay, you have to assume that those persons who can afford an additional home for rental purposes will have to compare what would be the call on that investment if it was made and when, in other words, fixed deposits as

against property. That is the rationale for the difference in the approach to the land tax.

I would say, Mr. Speaker, that if you examine the proposal, there is no person who would like an increase in the demand by way of taxes for any reason or other. As long as we are trying to find some yardstick to judge the ability to pay, **it** is not unreasonable to make the assumption that the ability to pay should have some correlation with the value of the property. It is a reasonable assumption to **make**. **You** could also extend that assumption to state for those persons who are able to afford an additional accommodation as an investment that is another basis on which you can plan it. Therefore, I think with all things being taken into consideration, there is a reasonable approach to the whole **area** of land tax and, therefore, I think that that amendment, in my opinion, is the fairest that **could** possibly have been done at the moment.

10.15 am.

Mr. Speaker, this amendment to change the rate of taxes on the value and taking that background into consideration as the base on which you are able to examine the revenue that is necessary to be generated from this **tax**, I think that, everything being equal, it is a reasonable approach and therefore under these circumstances I hope that everyone can **see** it and, despite their dislike of any additional taxation, can **see** it as an equitable way of providing increased revenue. Thank you.

Hon. E. E. **GREAVES**: Mr. Speaker, earlier in this debate, the Honourable Member for the City in her contribution made reference to the whole question of land use policy in Barbados. Indeed, she questioned whether or not the permission for the proposed golf course in the **Hanson/Kingsland** area conformed with what presumably is normal practice. I think she made reference in her contribution to the fact that Parliament was not informed and that we were now resorting to a government by press releases. That impression was left and I think as Minister responsible for town planning matters and for lands in Barbados I ought to clarify that particular matter and disabuse the mind of the Honourable Member and of other Honourable Members who may be thinking like her as to the procedure which has been followed and which is usually in town planning applications.

Any person who has an interest in land in Barbados can make an application to the Town Planning Department for the development or a change of use of a particular area of land. This was done in the case of the applicants for the golf course development in the **Hanson/Kingsland** area, as indeed has been the case in other areas. This application was made to the Chief Town Planner and the procedure which was adopted, as I said, is the usual procedure in that the usual consultations were made and the Chief Town Planner made a recommendation to the Minister on that particular matter.

As is the usual practice, if the developers are not in agreement with the recommendation of the Chief Town Planner under...

Mr. SPEAKER: I just want to say at the outset. I have already made a decision as to how this debate should go in terms of any reference to a matter which this House is not privy to. Therefore, I hope **the Honourable** Member is just making a response to a question which the Honourable Member for the City made and which I gave her permission so to do.

Hon. E. E. GREAVES: Mr. Speaker, Sir, that is precisely the terms in which I am seeking to clarify for the Honourable Member and other Honourable Members, the situation relating to the whole question of applications to the Chief Town Planner. The Honourable Member made the point that the House was not aware of any decision which was made and I am saying that under the law we do not have, the Chief Town Planner or the Minister, to bring to this Honourable Chamber applications or decisions relating to applications in town planning matters.

I just thought that it would be useful for me to outline the procedure which has been followed ever since the Town Planning Department was set up and, indeed, when the Honourable Member's party formed the Government it made additional provisions relating to appeals. This is really the entire context in which I am going to be conducting this debate, I do not intend to get into any areas about any decisions which the former Cabinet made in relation to applications for development which were not even made to the Town Planning Department. I am not going to deal with that. I am just going to deal with the procedures which I think the Honourable Member ought to be aware of.

Miss B. A. MILLER: On a point of order. In my speech on **Tuesday**, a copy of which I have in my hand, I made absolutely no reference to town planning applications. I made reference to a Government Information Service release issued by the Minister of Housing. I know exactly what I did. Perhaps what the Minister of House wants to do is to tell us why he felt it necessary to make a release.

Hon. E. E. GREAVES: Sir, that release makes specific reference to the Town Planning Department and to a particular application.

Mr. SPEAKER: May I also add that the release was not brought as a document to this House. The point I was making is that the House is not privy to anything that has taken place. Furthermore, the Rules of the House suggest that you should not even use newspapers as a source of argument. Therefore that is the reason why I controlled the Honourable Member in making her reference.

Hon. E. E. GREAVES: Sir, all I am saying is that reference was made to a release and reference to the release forms part of the debate. I am seeking in the context of the comments which were made to clarify a particular position, with your permission, Sir.

Mr. SPEAKER: What I am saying is if a person wants to develop that argument then he should make that release a document of the House.

Hon. E. E. GREAVES: Sir, I am sure that the Honourable Member like yourself would be interested in a clarification and an exposition on this particular matter. I think that it is important that the impression be not left that when a decision of this nature has to be taken that the Minister has to come to Parliament with it. This is the basis on which I am seeking to clarify this particular matter.

1025 a.m.

Under section 18 of the Town Planning Act, the procedure is set out very clearly there and if the Chief Town Planner or indeed any applicant is not satisfied with any decision or any recommendation which is made they have a right to appeal. This process has been gone through and a decision was made on this particular matter because all of the legal proceedings have been followed in this particular matter. I think it is important that this point be made and really what I want to say is that the Minister under the law, is under no obligation to bring to Parliament a decision **because** decisions are made every **day** in the Town Planning Department. Indeed there are **some** decisions which are not even **referred** to the Minister. This really is the point which I wish to clarify and I would want to say, Sir, speaking more specifically on this Land Tax (Amendment) Bill that the Bill, in my view, seeks to deal with a particular situation as covered under the Budgetary Proposals and quite naturally I would have no problem in supporting this particular Bill.

Hon. P. M. GREAVES: Mr. Speaker, Sir, I **am** not the kind of person, to stand for hypocrisy. I am very **straightforward** and hopefully I believe consistent in all of my dealings and I like, Sir, other people to be equally consistent.

The question, Sir, of my involvement in a particular matter. I do not have at this particular time to declare any interest in this particular Bill because this Bill has absolutely nothing to do with me. I am merely rising here, Sir, in defence of myself because certain virulent attacks were made upon me in my capacity as Deputy Prime Minister which certainly can hold over into one's private life and therefore I feel, Sir, in this particular matter I have ground to...

Mr. L. R. TULL: On a point of order, Sir. At the last sitting of the House, Your Honour ruled that

certain statements that were made in relation to this debate would be struck **from** the record and that you were not prepared to entertain debate on certain aspects of this matter. In the light of that I would submit, Your Honour, that the Honourable Member is out of order in taking the line he is taking.

Mr. SPEAKER: I would just like to clarify that position in view of the fact that certain statements were **not** allowed. Others were permitted to be stated in Hansard in reference to the Honourable Minister to resign *et cetera* on the basis of that. Since that particular aspect of **the** debate is part of the Hansard and was introduced in the debate and I did remove that aspect of it then the Honourable Member is within his rights to respond to that particular aspect that was remaining in the records.

Mr. L. R. TULL: With **great respect**, Your Honour, if the Honourable Member is allowed to take the line he is taking he opens himself up to further debate along this very line from which he is speaking. I hope he understands that. If he goes that route, we will come after him.

Mr. SPEAKER: What I did allow was questions to be asked within a particular context and one of the questions asked was within that context but it is when there was an extension into the debate which was irrelevant to the House, then I made that ruling, but that particular aspect was allowed to remain in the Hansard.

Hon. P. M. GREAVES: I **am** merely dealing, Sir, today with the question of conflict of interest and because it was on that point that the Honourable Member for the City, called upon the Deputy Prime Minister and Member for St. Michael North to resign. I **am** dealing today, solely, with conflict of interest. What is the real conflict of interest? How it really operates in Barbados, how it operates elsewhere, particularly what people call the so called Westminster model which nobody has yet been able to define to anybody else's satisfaction. I **am** going to deal with those aspects to show what has been the conventions in Barbados, what has been happening in Barbados...

Miss B. A. MILLER: Mr. Speaker, on a point of order, the Deputy Prime Minister is doing exactly what Your Honour said that I should not do on Tuesday. I was allowed to ask questions. Mr. Speaker, Sir, you were very clear, no debate. If the Honourable Member for **St.** Michael North wishes to answer questions I can understand that, but if he is now going to start to go into debate then I must be entitled to be in that debate, Sir, notwithstanding that I have already made my contribution. I want it to be clear.

Mr. SPEAKER: Yes I have taken the point, but I still think the Honourable Member has responded to the question that I raised in respect of resignation and not being able to continue. I think that was allowed to stay and once that was allowed to stay it is clear that the

Honourable Member has a right to respond and reply to your question, but there will be no debate as to the whole question as to conflict of interest.

Miss B. A. MILLER: That is all I wanted to be clear on, Mr. Speaker, that he was going to reply in respect of his own conflict of interest but we hear him start off by saying he is going to give a history of the conflict of interest in this **country**, because then I would have a point of view on the interpretation of conflict of interest.

Mr. SPEAKER: But that is not part of the Bill. I am very clear on what I said. Let me repeat what I have said. I have said that there were certain aspects of the Honourable Member's speech which were taken from the record, excluding the question to the Honourable Member and with respect to the position that he should resign. Therefore once that was allowed to remain it is clear to me that the Honourable Member would have to respond to that. I will not allow a debate on the pros and cons of conflict of interest. I will not. So he is speaking in reply to a question that I believe was asked of him. I have to hear what the Honourable Member has to say to determine at what point he is debating the issue.

Hon. P. M. GREAVES: The question as to my resignation was not raised as a question, it is raised as a public position by the Honourable Member. She did not ask the Prime Minister if I **am** going to resign. The Honourable Member stated positively, **Sir**, that I should resign. That was not a question so therefore I **am speaking** to that particular matter and I **am** going to state why, in my opinion, I should not resign because of the conventions.

Mr. SPEAKER: There seems to be some confusion. I made 2 clear statements. One, a question was asked and the second was, I allowed a statement to go on record. It is the usual practice in this House, as long as a Member puts a statement on record and it is allowed by the Chair, then the Member to whom it refers has a right to respond to that statement. The question of conflict of interest is a different matter. If the Honourable Member is responding to the admissibility into Hansard of the statement that was made by the Honourable Member, then he is permitted to make the comment he is **making**.

Hon. P. M. GREAVES: And it could only, Sir, have been within the law as written, within the law as unwritten, that is, the convention, that my resignation could have been called for. It could either have been called for in accordance with the written law or the unwritten law.

Now, as far as I am aware, and nobody has yet been able to point out to me or even to this Honourable House, neither did the Honourable Member for the City mention it that I should resign in accordance with a particular written law either within the constitution

or the statute laws of Barbados. Therefore, Sir, I *can* safely lay that aside.

I will further state, Sir, there is no law in terms of what has taken place that requires my resignation. So I can leave that aside. I will now **deal**, Sir, with the question of whether in fact I should resign and I can only debate, Sir, on what **has** taken place in public life in this country and following the Westminster model. That is the only way it can be defended. There is no other way.

Miss B. A. MILLER: On a point of order, that is not the only way or the way at all that it *can* be defended. The Honourable Member may only speak to his conflict of interest. The Honourable Member is coming in here this morning to **try** to obfuscate people's understanding of the convention of conflict of interest.

10.35 a.m.

Mr. SPEAKER: I am trying my best but I think the Honourable Member for the City is very clear as to what I said.

Miss B. A. MILLER: Very clear.

Mr. SPEAKER: Therefore, if the Honourable Member made the statement, I can only say to the Honourable Member that, if she wants at the last minute to retract that statement, the Honourable Member would not be in a position to say anything.

Miss B. A. MILLER: Retract what statement?

Mr. SPEAKER: That the Minister must resign.

Miss B. A. MILLER: Oh, no! I am not retracting that. I want to repeat it.

Mr. SPEAKER: The Minister is in his right so continue.

Miss B. A. MILLER: Oh, yes!

Hon. P. M. GREAVES: Therefore, I will state in my opinion why I should not resign based on what the conventions **are** in this country. Sir, Barbados has been built up over 350 years by persons represented in this Honourable Chamber who were business people who conducted their business and yet ran the affairs of this **country**. Barbados was to a great extent self-governing as we understood it to have been in those particular days. Nobody ever asked anybody in those days to resign because, Sir, the convention was that when one participates, as I understand it, in any business that one has got to indicate and state what one's business is. In other words, one must make a **declaration** as to one's interest as indeed the Honourable Member for St. George South did when his

particular matter came to Cabinet and so did the Honourable Member for Christ Church West. I **am referring** to the licensing of Voice of Barbados. You declared your interest according to the record.

Aside.

Mr. L. R. TULL: On a point of **order**, Sir. The Honourable Member is misleading the House in relation to me. I have never had to declare my interest in Cabinet because I have never been involved for the 10 years that **I was** a member of the Cabinet in any commercial activity in Barbados. Show me what you like. I have never been in any business. The only business that I have ever been in is the practice of law. I have no interest in Rediffusion Limited. I do not understand what he is talking about, Sir.

Hon. P. M. GREAVES: Sir, it is all here documented by Cabinet and **confirmed** when he was a member of the House. But I have nothing against that, Sir. I think that the Honourable Member acted properly. That is the point I am making. I think that the Honourable Member acted properly and so did the Honourable Member for Christ Church West act properly. That is the convention.

Miss B. A. MILLER: Mr. Speaker, on Tuesday what I said on more than one occasion was this. The Honourable Member for St. Michael North cannot by merely absenting himself from a Cabinet meeting say that that is enough in circumstances where certain waivers, **abatements** and **so on** and **so forth** of tax concessions, approvals and **so on** in respect of this project are being determined and I asked the question: What is his interest in SBG? He is not answering that. I am saying that declaring your interest and absenting yourself from a Cabinet meeting is not enough.

Mr. SPEAKER: The Honourable Member is now going on to make a speech.

Miss B. A. MILLER: I am not making a speech. I am repeating what I said. All of what he said is taken as a given. Sure, you declare your interest but it is not enough.

Mr. SPEAKER: You are going into a speech now. Continue.

Hon. P. M. GREAVES: May I have that back? Are you satisfied now?

Aside.

Hon. P. M. GREAVES: I have no doubt. That does not say that you have never declared an interest because that is the position. That is the convention. The Honourable Member declared an interest. I **am** saying that he acted...

Asides.

Mr. SPEAKER: May I have some order please? The Honourable Member for the City has spoken and made your point already.

Hon. P. M. GREAVES: What I am saying, Sir, is that when one gets involved in matters of this kind one has got to declare an interest and should not take any **part** in the **decision-making**. Sir, I declared an interest to the Cabinet and I did more than that.

Aside.

Certain remarks made by Hon. P. M. GREAVES were ordered expunged from the record by Mr. SPEAKER.

Mr. SPEAKER: I am asking the Honourable Member for the City as well not to interrupt the debate in the manner in which she is doing it. She knows very well that it is unparliamentary to do so and also a breach of the Rules to do so.

Hon. P. M. GREAVES: I went and spoke to the Prime Minister and declared my interest to him in accordance with the conventions. Also, on an occasion when I saw the Governor-General, I declared an interest to the Governor-General. I did that, Sir. Those two things I did. When the matter came to the Cabinet, I declared an interest but I did more than what the Honourable Member for St. George South did. I left the room, Sir, and I **took** no part whatsoever even by listening to what my colleagues might have to say on **this** particular matter. Furthermore, when the matter came up for confirmation of the Minutes, I again absented myself both from the confirmation and for matters arising on this particular matter. I acted properly, as far as I understand, in accordance with the conventions.

I can even go further, Sir, in terms of the conventions to show...

Mr. SPEAKER: I do not want you to enlarge on that particular aspect of discussion because it falls very far out of the perimeters of this Bill. I allowed the Honourable Member to respond which we normally do. I hope that the Honourable Member will make his point very quickly.

Hon. P. M. GREAVES: Sir, I am showing how the conventions have been observed throughout the years and I intend to observe the conventions as they **have** been observed, even by the Honourable Member's father, Sir, but I will not bring that in now.
10.45 a.m.

Aside.

Hon. P. M. GREAVES: I better don't? It will come in at some point though. Sir, this is not the **first** occasion that a Minister of the Government has been involved in a

matter pertaining to 'agricultural land or development, it was done in their time and the convention was that they should not resign. The Honourable Member for Christ Church South was then Prime Minister, but I will not go into it now, the time will come when I will go into it, but this is not now the time, I am trying to stay within your ruling.

Aside.

Hon. P. M. GREAVES: I am not going into it, I will get into it at some point in time, not today, and not within this debate. The time will come within a debate when we will get into it and I will show that I have done no more than what has been done in time past by those who guided the affairs of this country **from** 1639.

Mr. L. R. TULL: On a point of order, Sir. The Honourable Member is doing exactly what I understood Your Honour to rule against. When the Honourable Member for the City of Bridgetown was speaking on Tuesday, Your Honour ruled that she could not **deal** with conflict of interest by any Honourable Member **unless** by a substantive motion.

Certain remarks made by Mr. L. R. TULL were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Mr. SPEAKER: I am not going to allow Members to take Members' conduct into the context in which it is being done now. If one wants to deal with the conduct of a Member, the Rules will **tell** you how, and you cannot even make a comment on a point of order, you just **simply** have to make the point of order in clear and precise terms. There is no preamble or any discussion after that. Make the point. I have been monitoring the Honourable Member's speech and I called on him not long ago not to develop those areas which I consider...

Mr. L. R. TULL: Then Your Honour and myself are *ad idem*, we are agreed on that point.

Mr. SPEAKER: Of course we are agreed on that, so therefore the Honourable **Member** must stay where I tell him to stay. I **am** listening to the Honourable Member until he gets out of that area.

Mr. L. R. TULL: But, Sir, you asked that something be withdrawn. He is making innuendo against the Honourable Member for Christ Church South.

Mr. SPEAKER: You can rise on a point of order and that will be **clarified**, just as I do with all points of order. That can be done within the context of the Rules.

Mr. L. R. TULL: Open it up. Open it up.

Hon. P. M. GREAVES: To continue this debate here and right now, Sir, my conduct in this particular matter is no different from the conduct of...

Miss B. A. MILLER: Mr. Speaker, on a point of order.

Mr. SPEAKER: Now, the Honourable Member is going into an **area** which I ruled that the Honourable Member could not do. I ruled that the Honourable Member could not discuss the conduct of any Member in relation to this Bill, and I ruled that clearly on **the** basis of the Standing Order. Therefore, the Honourable Member is just permitted to reply or respond to the question and the statement within the context of the rules and regulations that are laid down. I am just saying to the Honourable Member I understand where the Honourable Member is heading and I hope that he will not head there. I am asking the Honourable Member to resist from going into those **areas**.

Hon. P. M. GREAVES: Sir, I am not going...

Miss B. A. MILLER: On a point of order, Sir. The Honourable Member for St. Michael North is deliberately misleading this House when he says that his conduct is no different from any other...

Mr. SPEAKER: But I have ruled on that already and that **cannot** be a point of order.

Miss B. A. MILLER: Thank you, Sir.

Hon. P. M. GREAVES: Sir, I have not been misleading any House at all, all I have said is that my conduct is consistent with the conventions as practised from 1639 right down to 1992, and on those grounds there is no reason why I should **tender** a resignation. That is it, Sir.

Mr. SPEAKER: It is precisely what I did not want the debate to open up to. Once Members **start** to introduce into the debate certain statements, they are going to be responded to from either side. I hope the Honourable Member recognises that he has now introduced into the debate the question of conduct which I **ruled** on before and which I will rule is not permissible at this point in **time**.

Miss B. A. MILLER: Mr. Speaker, Sir, I am on a point of order here. On Tuesday I asked a particular question. I am trying to remain within Your Honour's ruling. I asked what was the interest that was declared. Wait for me, Sir, I will respect your ruling.

Mr. SPEAKER: Yes, make the point quickly.

Miss B. A. MILLER: The point I am making is this. Under section 30 of the Companies Act of Barbados a

share may not be issued until it is fully paid up in money or in property or past service. One of the questions I asked was what was the interest the Deputy Prime Minister declared? I am still waiting for the answer.

Mr. SPEAKER: I will not take that as a point of order, for **one** reason. Inasmuch as I **allowed** the Honourable Member to ask questions, there was no obligation on the Minister in this particular debate to respond to them. The Honourable Member knows very well that question was legitimately asked in a special way, and in **that** context the Minister wants to pursue that question it will have to come under a different Standing Order. There is no point of order, because a Minister does not respond to a question during a debate. There is no obligation on him to do so.

Mr. SPEAKER: Mr. Speaker, Sir, the Honourable Deputy Prime Minister has drawn me into this debate by making reference to what he says is a Cabinet decision of some ten years ago or more in which I declared an interest on a matter in which Barbados Rediffusion Service Limited was being considered for an extension of their licence and I said I had a few shares in Rediffusion so I would not take part in the decision.

If the Honourable Member is so bold and brazen as to equate a handful of shares I have in Rediffusion Service with his interest in the development of a golf course at Kingsland, well, Sir, we really are stretching credulity to the limit. I do not even know that I have ever bought shares, however trifling they are, in Rediffusion Service Limited. What I do know is that I bought a few shares in the Nation Limited and the Nation Limited subsequently bought over Rediffusion, and that is the limit of my interest. I have never bought a share in Rediffusion yet, Sir. If all the Deputy Prime Minister can do in what he perceives as a defence of his position is to say that, it is to render this Parliament, and indeed the Cabinet of this country, powerless to act, because all of us have an interest in one small thing or another in Barbados.

Mr. SPEAKER: Sir, when the Honourable Member asks questions that may arise in relation to Government policy in terms only of what is written in the law. There are some things that are not written in any law that are expected of any Government. I had occasion recently to say that the line between decency and indecency, between right and wrong, between what is proper and what is improper is becoming exceedingly blurred in this country in recent times. I am not to say that, and it is a matter of some concern to every thinking person in this community to say that we have to haul in the kite at some point. So the Deputy Prime Minister says that you must behave in a certain way and that is not the issue. There is no law in Barbados that says that a member of the Cabinet

or a Member of the House of Assembly should behave properly, but you are still expected to behave properly. There is no law in Barbados which says you must behave decently or with propriety, so that kind of argument does not fit well in the mouth of the Deputy Prime Minister of this country. I had no intention of getting into this aspect of the debate. I was waiting until the Government vouchsafed more information to Parliament before I, in my capacity as Shadow Minister for the Environment and Lands, got into the debate.
10.55 a.m.

I read a lot of things in relation to this matter under discussion and I have not reached the point where I feel ready to make the kind of statement that I should make as a responsible spokesman for this side. I was prepared not to get into the debate at this time. I have been dragged into this debate unnecessarily in my view.

Talking about conventions, Sir, the convention that Ministers of Government should declare an interest in ventures that may cause conflict with their duties is known. The more important the interest that you get involved in, the larger the duty to take reasonable action. It is a matter of degree. You cannot compare like with unlike. However, the more serious the matter, the more incumbent it is on a Minister of Government to behave in a way that will not cause any consternation or disquiet in the community.

Mr. SPEAKER: You are going that way as well. As soon as you develop a debate into the conduct of a Minister, then you are going into another area. I have ruled on that already.

Mr. L. R. TULL: Your Honour, I have cut said anything about any Minister on that Front Bench. I am speaking of general principles. I am not like the Deputy Prime Minister who got up and pointed his finger at 2 or 4 people, including myself. I am speaking generally, Sir. If the Floor of this Parliament is not a proper forum for clear expression of the views and the propriety of people in public life, I don't know what is. I can use other fora that are available to me.

Mr. SPEAKER: Yes, but the Honourable Member must realise that I still have to remember that the Bill before the House does not allow the debate to go to the extent to which Members want to carry it. I still have to bring it back on course. Even though I will allow Members some latitude, I am not permitting Members to take the substantive motion out of context.

Mr. L. R. TULL: Your Honour, I got up early in the debate today and suggested that if you gave certain latitude to the Deputy Prime Minister when he was speaking it would open up a can of worms and if he went down that line other people will have to go down that line. I cautioned against that, Sir.

Mr. SPEAKER: I said if you introduce into the debate irrelevant matter then it creates a problem. At the same time it is not in my position to allow that to go beyond control. I must still keep within the confines.

Hon. P. M. GREAVES: On a point of order. I was circumscribed in my presentation here today within the bounds and I am not querying your ruling. I believe it was a proper ruling. I have here a whole set of notes which I came prepared to speak on. I was not able to speak on them because I have observed your ruling on this particular matter.

I do not see, since I have had to restrict myself, how anyone else can broaden the issue when I had to be restricted.

Mr. SPEAKER: That is precisely what I am saying.

Asides.

Mr. L. R. TULL: Mr. Speaker, Sir, I am not going to draw out this debate. This debate is one that obviously has ruffled certain feathers on the Government side. I am not getting into details at this point. It would be necessary for me to reprimand, so to speak, the Deputy Prime Minister for trying to draw me into something that really has nothing to do with me. Secondly, to let him know that there are certain conventions that are hallowed by long acceptance. Conventions that are hallowed by long acceptance eventually carry the force and the weight of law. I am going to say no more on this matter at this time. As I said, Sir, I have a number of matters to raise in relation to the environmental problems that I am picking up from the experts relating to the golf project at Kingsland and I am also putting together a lot of responses from people who are concerned about the use of the land for housing, and in the fullness of time, and at a more appropriate moment, I will deal with it.

I am asking the Deputy Prime Minister, through you, to bring all the notes that he has today and a lot more because he will have a lot of questions to answer on the Floor of this Parliament. Thank you.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise to respond to this debate on the Second Reading of the Land Tax (Amendment) Act, 1992. I have not really heard of any major points that would evoke a response in relation to the principles of the Bill. I have heard a lot of peripheral matters being raised which no doubt may be more appropriately discussed at a more appropriate time and we will deal with those matters when they come up.

All I rise to do, Sir, is to move that this Bill be now read a second time. It has already been so moved and I am simply pushing the process forward.

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

COMMITTEE

On the Motion of Rt. Hon. L. E. SANDIFORD seconded by Hon. P. M. GREAVES, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. L. L. BRATHWAITE in the Chair.

Clauses 1 to 3 were called and passed.
11.05 p.m.

On the motion of the Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported to Mr. SPEAKER the passing of the Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. P. M. GREAVES, the Bill was read a third time and passed and cited as the Land Tax (Amendment) Act, 1992.

ORDER NO. 5 – A **BILL** TO AMEND **THE INCOME TAX ACT**, CAP. 73

Rt. Hon. L. E. SANDIFORD: I rise to move the second reading of the Income Tax (Amendment) Bill, 1992. You will permit me, Sir, in doing so to refresh the memories of Honourable Members with respect to the background and the context against which this measure is being introduced.

It will be recalled, Sir, that on July 7, 1992, as Minister of Finance and Economic Affairs I introduced a Supplemental Financial Statement and Budgetary Proposals to set in train the process for the most sweeping and far reaching reforms to the tax system in Barbados. The proposals of July 7, 1992 were set out in 4 categories, namely:

- (1) those with immediate effect for individuals,
- (2) those with immediate effect for companies,
- (3) those with effect from January 1, 1993, and
- (4) those with effect from 1994 and thereafter.

The measures with immediate effect for individuals were as follows:

- (1) the reduction of the maximum rate up to 40 per cent for income year 1992,

- (2) the elimination of most itemised deductions and allowances.
- (3) the withdrawal of exemptions for pension income. Taxpayers over age 60 may claim a deduction of \$20 000. The maintenance of allowance in respect of gratuities payable by virtue of a contract of service with the Crown or statutory Board,
- (4) the introduction of a final tax on interest of 125 percent, and
- (5) the introduction of a final tax on dividends of 12.5 percent to be paid to the Commissioner of Inland Revenue by Corporations and no further tax would be paid on dividend income.

The measures for immediate effect for companies are as follows:

- (1) the increase in the general corporation tax rate to 40 per cent,
- (2) the elimination of the lower special rates,
- (3) the elimination of excess allowances for expenditure with the exception of credit for foreign exchange earning activities and contributions to the Tourism Development Fund.

The measures with effect from January 1, 1993 were as follows:

- (1) the elimination of the individual stabilisation tax;
- (2) the reduction of the basic allowance to \$13 000 with allowances of \$500 each for a maximum of 2 dependents in 1993;
- (3) (a) the introduction of a new income tax rate structure of 25 per cent on incomes between \$13 000 and \$37 200 per annum and 40 per cent above that level, and
(b) the adjustment of the calculation and preferences in respect of in kind benefits such as automobile and housing allowances in respect of their inclusion in assessable income.

Finally, Sir, the measures with effect from 1994 and thereafter were as follows:

- (1) The introduction of an additional tax allowance of \$1 000 for each child commencing on January 1, 1994,

- (2) The modification of **tax** indices to reflect changes in the rate of inflation on January 1, 1994 and January 1, 1995,
- (3) The introduction of a dependent spouse allowance of \$3000 commencing January 1, 1995, and
- (4) the indexation of all brackets by January 1, 1996.

The Bill that is before us today, Mr. **Speaker**, seeks to give effect to those proposals. It does so, Sir, within the context of the existing Income Tax Act because what is before us is an amendment to that Act and the entire body of proposals must be read within the context of that Act. What we are looking at, Sir, are some amendments, an amending Bill which has to be taken within the context and against the background of the legislation that is being amended.

I said on that occasion, Sir, that when I introduced the Supplemental Budgetary Proposals that the detailed legislation would have to be awaited so that the matter could be taken within its full context. That measure is before us and I do not propose to detain the House for any length of time on this particular matter. The amendments are contained in the Bill that is before us and they set the background against which the measures are being taken.

I have already set out, Sir, the reasons for the reforms that we are introducing to the indirect tax system in Barbados and I certainly do not think it is necessary to go over that ground again. It is all clearly set out what we are intending to do and I therefore beg to move that this Bill be now read a second time.

Hon. B. M. TAITT: I beg to second that and reserve my right to speak.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Opposition has already discussed aspects of this measure when the matter came up for debate in early July and I do not propose, Sir, and neither am I able today, Sir, to go back through a lot of the economic arguments that form the context within the measure is being considered. I would therefore, in my contribution today, want to deal only with the taxation aspect of the legislation since I think we have already covered the broader aspects of it. Mr. Speaker, I genuinely believe that what we are involved in is an exercise in futility in this legislation and I say so for a very precise reason. To the extent that the report which forms the basis upon which this legislation is being drafted identified a problem requiring reform, that problem seems to me to be a problem of tax administration. The most telling piece of data contained in the report that forms the basis upon which the Government has devised tax reform is the information that of a working population of almost

100 000 persons there are only about 26 000 who are really filing income tax returns. The issue that arise, Sir, is two fold. Those persons who are submitting returns in compliance with the Income Tax law are shown to be over-taxed. We need to restructure the system and we need to broaden the tax base.
11.15 a.m.

Therefore, we need to introduce a new taxation regime that allows lower rates than those which presently obtain. Two options, Sir, therefore arise. Do you, in recognition of the fact that only 26 000 people are presently complying with the requirements of the Income Tax Act in respect of submission of returns, spend time dealing with the tax administration with a view to broadening the base of income **tax** by bringing more people within the income **tax** net? Or do you do the alternative and **seek** to take the same 26 000 people who are already in the net and broaden their taxpaying base by taking away from them allowances, deductions and by varying the rates? Do you take the same 26 000 loyal persons who are complying with every aspect of the Income Tax Act and beat them more by increasing their taxable income **through** taking away their allowances and deductions and changing the rates on them as a way of changing the tax system? **Or** should tax reform mean that in the context of a situation where there is so little compliance what one has to do is address it first and foremost as a **tax** administration effort? The purpose of tax reform, surely, should be not just to take those already in the system and beat them more. It should be to widen the system with a view eventually of being able to reduce the rate of tax on those who are now complying!

I am of the view, Mr. Speaker, that to the extent that the problem is identified as a problem of tax administration with **too** few people who are complying - that problem of **tax** administration so defined cannot be resolved by the varying of rates nor by the changing of bands. Mr. Speaker, what has been remarkably absent from this entire exercise is any consideration at all to the way in which the re-distribution of tax, the changing of rates and the variation of bands could be addressed by innovative measures being taken by Government to change the administration of **tax** in this country. A wonderful opportunity therefore has been missed by Government to undertake serious tax reform in Barbados.

All that this set of legislation before us is intended to do is effectively to take the same set of taxpayers, the 26 000 faithful souls, and change their taxable income, change the rates applicable on them as if, Mr. Speaker, we could not have eased the pressure on those 26 000 by giving greater innovative thought as to how we can bring a lot more self-employed people within the taxation system. Our society is becoming increasingly a service economy where more people are operating in the informal sector

of the economy and we need a kind of taxation system that is applicable to an economy in transition towards the service economy to deal with those developments so that those people too can carry a fair share of the tax burden.

Sir, a lot of spurious claims have been advanced with the intention of establishing that what we have now as a reformed tax system is better **than** the one that it is intended to replace. We are being told that the new system is intended to have the virtue of simplicity. Before I go into an argument about that, Sir, it is our view on this side that matters such as simplicity cannot be regarded as objectives of a taxation system. They are structural features of the system, Sir. The objectives of a taxation system in our view must be to assist in the **final** analysis in the best possible development of the economy in so far as it **can** promote savings, diversification and matters of that kind. But we are being told that what is now being proposed is a system that is intended to promote simplicity.

If that is indeed the basis upon which this system is to be accepted, Sir, I have to say to the House that the system to be implemented is neither more complex nor less complex than that which existed before. It cannot qualify as a superior system upon the basis of simplicity. You may ask me, Sir, why am I advancing that view. The answer is that the information provided by the Government to the House is that of **26 000** persons in Barbados who submit income tax returns only **23 000** were in a position to claim itemised deductions. So that of **26 000** people who submitted income tax returns in Barbados, for the **23 000** only **6** steps were needed in order to comply with the Income Tax Act in relation to submitting the income tax returns. All the **23 000** persons did was to claim their allowance of \$15 000. This is what they did, Sir. They entered on their **tax** returns their assessable income. Then they claimed their **\$15 000** allowance which allowed them to derive their taxable income. They calculated the tax payable on that. They compared it with the income **tax** they had paid and they derived what was the refund that they were either owed by the Income Tax Commissioner or the balance tax that they owed the Government.

Mr. **Speaker**, once you say that **23 000** of the **26 000** people in Barbados were only claiming \$15 000, then the system was very simple. Under this new system, those persons would have to go through the same **6** basic steps. In every instance, they would just include on their income **tax** forms their assessable income. Then they will call their basic allowance which is **\$13 000** now. Then they will derive their taxable income. They will then calculate how much tax is to be paid on that income. Thereafter, they will compare that with how much tax they paid previously and work out their tax balance. So that the two systems are identical in terms of the demand that they place on the ordinary taxpayer in relation to the compilation of an income tax return. There are no virtues of simplicity in this system **vis-a-vis** the system that it is intended to replace.

Mr. Speaker, we **are** also being told that this new system is intended to promote fairness. There is a lot of argument in the report presented by the International Monetary Fund as regards how unfair the old system was. I have never read in my time a more inadequate economic document on a direct taxation system that the one which forms the basis upon which the Government of Barbados has taken its decision. The argument about fairness is an argument that has always engaged persons constructing income tax systems. In the past, it has been the convention that people recognise that persons with unequal level of income should pay unequal level of taxes. In pursuit of that objective, Sir, the income tax system has traditionally been highly progressive. Mr. Speaker, beginning in **1981** in America, the world has swept away all of the economic **philosophy** that used to guide taxation before beginning with the Economic Recovery Act of America in **1981** and then the Tax Reform Act of **1986**, the notion that people with unequal incomes should pay unequal rates of taxes, Sir, has been dispensed with and we are now being asked to accept a philosophy which says that people with unequal levels of income should pay the **same** rate of tax. If you go to Jamaica you will find that there is one rate of tax there, **33 1/3** percent.

11.25 a.m.

Aside.

Mr. O. S. ARTHUR: The Member for St. Michael West.... The House must remember that I **am** suffering from a heavy cold and I **am** taking medication for my sinuses as well and if I have to deal with interruptions I **am** going to be more incoherent than I **am**.

I want to make the point, Sir, that increasingly Governments of the world are being asked to structure **tax** systems that are supposed to be neutral, that is, everybody pays the same rate of **tax**, but at the base of that is an economic philosophy that was developed in America and Britain which is opposed to the notion that people of unequal means should have unequal burdens and yokes to carry in the face of the **tax** man. The Barbadian system has now been made a victim of that kind of backward economic philosophy, in my view. What you are going to have in Barbados as a result of the implementation of this system is a case where a school meals worker will now have to start paying some portion of income tax at the same rate of tax as a graduate teacher, **25%**; that the headmaster of a primary school in Barbados will have to pay the same rate of tax as the head of a major corporation in this country, **40%**. I **am** saying, Mr. Speaker, that rather than bring an element of fairness to the system, the taxation system which is now to be implemented will bring a degree of backwardness to bear in the way in which those persons least able to pay income **tax** are now going to have to carry a larger proportion of the burden.

This document, Mr. Speaker, is dangerous in many respects. It, for example, argues that a taxation system is unfair if it provides incentives which benefit some but not all in the society. It argues the **case** that the Government of Barbados should withdraw concessions for credit unions, because **too** few people benefited from the concessions. It argued that the system was not fair because it **gave** concessions for export development, which only a few persons benefited from; that our system therefore was discriminatory. I want to say, now that we are dealing only with the taxation aspect of this amendment, that in my view a taxation system is discriminatory if it treats two people in similar circumstances in a different way. If, for example, **our** system was one which allowed one exporter access to concessions but another exporter was barred from having access to those same concessions, the system would be discriminatory. But surely, Mr. Speaker, it cannot be discriminatory for a person who is not an exporter to want to benefit **from** concessions which are put on the books in order to benefit exporters.

Similarly, Mr. Speaker, I have to say to the House that the Report argues that the prevalence of all of these allowances and deductions to individuals so reduce the **tax** base that it created a situation where the **tax** rate had to be raised in order for the Government to be able to generate a specific level of revenue. That argument would be true if the allowances and deductions granted to individuals represented a large portion of the **tax base** of the country. If, for example, Sir, you were to **find** yourself in a situation where, under the system that is now being abolished, the concessions for insurance, credit unions, mortgages and so on, caused the tax base to be reduced by **25%**, you could say those concessions were problematical and the granting of them caused the Government to have to raise taxes on other things in **order** to maintain Government revenues. But what are the facts? If you read **all** the studies on America, Mr. Speaker, and I would urge the House to do so, you will find that the same argument was used in America, that the granting of all these concessions to these individuals so reduced the **tax** base that high rates of taxes had to be applied in order to compensate for the revenue that was given up.

Mr. Speaker, I am saying that if that was the case in Barbados the Government would be quite within its rights to remove the allowances and deductions, because they reduced revenue too heavily. But what are the facts, Sir? I am citing for you, Sir, the evidence contained **in** the IMF Report itself. The elimination of income tax credits and deductions, all the deductions for mortgage interest, all the deductions for insurance, all the allowances that were given to people to save in credit unions, the elimination of that deduction will increase Government revenues by \$400 000 in 1992-93, \$8.6 million in **1993-94**.

This Government is a Government that raises **\$1** billion in revenue per year. Pray tell me, **Sir**, how can the

provision of \$8.6 million in income tax credits and deductions – ranging from allowances for mortgages, **your** contributions to pension funds, your contributions to credit unions – of a **total** tax base of more than \$1 billion be cited as such a serious problem as to lead the Government to have to think in terms of imposing higher rates of taxes if those concessions are retained? That is the issue. The Government would have to satisfy the House that to continue to allow deductions and allowances would constitute such a drain on the Treasury that you would have to replace them by higher rates of tax on other things, but the evidence contained in this document argues to the contrary. It is showing that all of those concessions and all of the allowances, taken together, amounted to just about **1%** of the **total** tax base. **The** Government of Barbados therefore in my view will have to explain to us why is it that it feels it has to make these radical and drastic changes in the **total** tax system of Barbados so merely as to affect **1%** of the **tax** base. That is the issue.

In America, Mr. Speaker, where people have a vast array of concessions, clearly tax reform designed to change the **structure** of concessions was relevant, but in Barbados, it is our submission from this side that all that **was** really required on the Government's part was to address those two aspects of the concessions where there was a possibility for abuse. Those two were the provision for unlimited mortgage interest and the provision for people to use house repairs continually as a **tax** loophole. Let me explain, Sir.

We fundamentally believe from this side that an income tax system must be designed to allow persons below a threshold level of poverty not to have to pay income tax. We also believe, unlike the IMF and Mr. Reagan and Mrs. Thatcher, that for other people the taxation system should not be neutral. That is, it should not tell a man who is earning \$50 000 and another **man** who is also earning \$50 000 that if one does things which are socially desirable and the other does not, you must treat the two the same way. We believe on this side that the taxation system must recognise that if people have similar incomes, but one person does something that is socially and economically desirable, he should be treated differently in the face of the **tax** law. I say that, Mr. Speaker, recognising that in our economic system fiscal policy is in fact the only effective policy open to any Government to make things happen positively in our society. Why?

Our exchange rate policy is passive. No Government of Barbados has hitherto been able to use variations in the exchange rate to effect economic transformation in the **country**. So exchange rate policy is not open to us as a way of causing socially and economically desirable things to happen in Barbados. We are tied passively to the American dollar and we know what the consequences of that is, Sir. Monetary policy is of limited effectiveness because of the relative under development of our monetary and

financial system. Our financial system is narrowly concentrated around the banks. There are few institutions of the kind you will find in a developed society. There are few instruments by which people hold financial assets. So that the mechanisms through which monetary policy would work in our economy are not well developed and, in point of fact, monetary policy is very much a derivative of fiscal policy.

11.35 a.m.

The Government of Barbados has not hitherto used income policy, although that would seem to be something that will be coming in the future. To get this economy to move today we have had increasingly to use fiscal policy to steer activity in socially and economically desirable areas.

There is a tourism **industry** in Barbados largely because the Hotels Aids Act did things on the fiscal side that caused people to respond in a socially and economically desirable way. The manufacturing industry that we have was built in large measure on the strength of the use of fiscal policy. The offshore sector that we have, Mr. Speaker, Sir, relies upon the use of fiscal policy as the chief stimulant. Any Government of Barbados that therefore decides that fiscal policy should be neutral is emasculating itself. I strongly feel that we cannot take a person who has \$50 000 and does not want to earn foreign exchange and treat him the same way as a man who is earning \$50 000 and wants to help build the country by saving or by taking a risk by spending money to extend people's knowledge in market research.

Our system, Sir, must have a set of preferences that discriminate between those who do socially or economically desirable things and those who do not. I believe at this **juncture** in our development we must retain the **maximum** amount of preferences, allowances and deductions in our **tax** system to encourage people to save. Barbados has not yet reached that level where its saving rate is sufficient to be able to underwrite our development. We must also maintain in our taxation system preferences and allowances that encourage people to want to go into things like market research and export development because those things are critical to Barbados' development at this juncture.

The IMF Report is telling us that a government should behave in a neutral way as between people; that if you have the **same** income even if the people are doing different things to affect the economy in different ways that they should be treated **all** the same. That is the implication of having the abolition of all the preferences, except a few, and charging everybody the same tax rate.

I am saying that my biggest concern with this whole thing, from my understanding of the tools open to a Government to bring about effective change in this country,

is that we cannot use exchange rate policy or we are reluctant to do so for good reason, and that monetary policy only operates within a very narrow band. Indeed, Sir, on that point, let me say that it would require a fairly large change in interest rates, for example in our country, to cause a wholesale change in economic activity. Half percentage point in interest rates will mean a lot when you are **talking** about tens of billions of dollars in **investment**, but where you are talking about small sums of money, half percentage change in interest rates are neither here nor there. So monetary policy is of **limited** scope. Income policies are **not** well understood and even the trade unionists when they support the Government do not understand how to put them into effect. Therefore, if you do not conceive of the use of **fiscal** policy as the chief way by which you can get people in this country to do things that are socially and economically desirable, then I am saying that I don't know how these things are going to be accomplished.

This Opposition does not accept the economic philosophy built into the IMF doctrine which is that fiscal policy must be neutral, that if people earn the **same** thing and, no matter how they spend it, we should disregard the social and economic utility of the expenditure and treat all to the same tax rate and remove from them the possibility of having the rewards that can accrue from helping to build the country. We cannot see any fairness in the system because this is a system that, as I said earlier, in the pursuit of the notion of fairness is going to cause a school meals worker to pay the same tax rate as a graduate teacher. That cannot be fair, Sir. To call on the head of a primary school to pay the same rate as the head of a large corporation in Barbados cannot be fair. I am still strongly in favour of a tax system that is structured in a progressive way and that has a **sufficient** range of bands that would allow the progressive nature of the taxation system to represent itself.

I must remind the House, Sir, that recently when an American politician, **Jerry** Browne, went to the extreme of recommending that a flat rate of tax should have been applied, he was laughed to scorn. Barbados now, Mr. Speaker, is but one step removed from a flat rate. We have **2**, **Jamaica** has **1**. I am saying that this is not the direction in which Barbados should be going. We have to ask ourselves what has been the experience of those countries. For example, America at the beginning of 1981 believed that the role of reform of the tax system was to take away a lot of the allowances and deductions, drop the top rate of tax and compress the bands so that you have only 2 rates.

We now know, Mr. Speaker, from the American politicians themselves, that the result of that form of tax adjustment has been that the people at the top have benefited considerably from the drop in the **tax** rate, that the system has been inefficient and that in point of fact the society has become more unequal because the person

in the middle of the society, the middle income earner, has had to carry the brunt of the adjustment.

In fact, Mr. Speaker, a lot of the political & bête going on in America this election year has to do with what happens to a society after 10 years of experimentation with the kind of system that this Government of Barbados now would want to impose upon us. I cannot see the fairness in the system. I cannot see the economic value in the system and in having the Minister of Finance now not being in a position to help influence activity and what people do with their money insofar as he has removed from his own arsenal the chief tool by which he is to cause socially and economically desirable activity to emerge.

Sir, there is a particular political angle to that aspect of fairness that has to come into this debate. If the Barbados tax system of today is unfair, it would have to be because the Democratic Labour Party made it so. It is not a system that we have inherited. It is a system that the Democratic Labour Party in 1986 changed, if you will recall, by introducing an across the board basic allowance of \$15 000 when you had a system before that was designed only to relieve those persons at the bottom in the payment of income tax. In 1986, the then Minister of Finance proposed that all allowances be increased by 50% in one stroke. So if the system is unfair, it is unfair because of the changes that were made then. No other changes were made to the income tax itself since then.

It is significant, Mr. Speaker, that the only income tax initiatives within the last 10 years which will survive the IMF approach to tax reform are principally those that were introduced in the Budgets of 1985 and 1986 by the Member for Christ Church South, having as their basis, Sir, the putting on the books of this country tax reforms that would fundamentally improve investment and the export development climate of Barbados. I want to say, Sir, I am thankful that the Government of Barbados did not accept the recommendation of the IMF and take off our statute books those concessions such as the investment allowances and the export allowances that were brought into this House in 1985 and 1986. I want to speak about them today, Sir, because I can sense that if this Government finds itself in a fiscal problem it is going to want to play the fool with those important allowances.

11.45 a.m.

Mr. Speaker, Sir, I will deal first of all, with export because this is the simplest. This IMF document was written by people who are suffering from a dangerous ignorance about the Barbados economy and that dangerous ignorance, Mr. Speaker, is borne out in the way in which they treat the role of exports in our economy relative to what happens elsewhere.

There are some economies in the world where the economy can pay for its imports by using its domestic currency. America is one such economy, Sir. An American wanting to buy Barbadian sugar can use American dollars and pay for Barbadian sugar. An American wanting to buy Barbadian garments can use American dollars to pay for Barbadian garments. America therefore can never have a payment problem in the sense in which we can have a payment problem because America, like all those countries that come out of the Bretton Woods System, that have convertible currency and reserve currency, can treat the rest of the world as an extension of its own domestic economy.

Mr. Speaker, that option is not open to us in Barbados. Indeed, if we could do that, Mr. Speaker, then there would be no problem now. So that when we see on page 43 of the IMF document that any Barbadian dollar spent for imports must somehow or other come back to Barbados, either as a foreign purchase of local goods and services or perhaps in Government bonds, obviously this person does not understand the first thing about our economy at all. It is a fundamental point that we cannot use Barbadian dollars to pay for our imports. When America pays us US dollars for the goods that we sell them, Sir, it is true that those American dollars that they pay us for the goods we sell them will either eventually go back to America in the form of our payment for their goods or, if we accumulate foreign exchange reserves, in our purchase of Government securities in America, but it is not open to the Government of Barbados, Mr. Speaker, for us to be able to use Barbados dollars to pay for imports at all.

Therefore, Sir, the Government of Barbados was advised in this document that it should have abolished the allowances to exporters on the grounds that in our context, Mr. Speaker, exports are not good *per se* nor are imports bad *per se*. I am therefore suggesting to the Government, Mr. Speaker, that the economic argument upon which the recommendation to abolish export incentives was offered to the Government of Barbados, is an argument that is based upon a complete misunderstanding of how the Barbadian economy works. These people who came to Barbados and worked for 2 weeks have in their minds the workings of the American economy. In the American economy, yes you can pay for your imports by using American dollars. We cannot do so, Sir, so it is wrong to say that for us, exports are not good *per se*. I am shocked, Mr. Speaker, that a statement saying that exports are not good *per se* for Barbados could find itself in a document, the substance of which was discussed with the Minister of Finance on March 3.

We on this side, Sir, say that we are thankful that the export incentives that were introduced to this House have been retained and we are pleading with the Government

that it must not in any circumstance remove the export allowances from the **books** of Barbados.

Now the investment allowances, Sir. The Government of Barbados having come under pressure as a result of wide representation, agreed to retain allowances that have been put in place to stimulate investment in Barbados. Those allowances are, Sir, that **businesses** investing in Barbados, in addition to being able to claim normal depreciation when they acquire assets, are allowed to claim an initial allowance in the year in which they make a capital investment and these rates vary **as** between the various sectors. For example, if you make an investment in the sugar industry, Sir, in the year in which you would have made the investment you could claim a **tax** credit **as** 40 per cent of the amount you are investing and if you are making an investment in manufacturing, Sir, in the year in which you made the investment you can claim an initial investment. So you have initial and investment allowances that are now presently available in Barbados. Now the IMF in their document, urging that these investment allowances be removed, argued the case that the allowances should be removed because they seem to favour established businesses more so than new enterprises.

Mr. Speaker, I want to deal with this issue because these allowances were brought in by the Barbados Labour Party in 1985 as part of an overall economic strategy to try to reduce unemployment in this country. I want the House to focus on a simple truth. Despite all the other rhetoric that you might have heard, new jobs in the final analysis, come only **from 2 sources**. Employment creation is as a result of only 2 activities. New jobs come from only 2 sources; either the creation of new enterprises or the expansion of existing ones. There are only 2 new sources of new jobs. So if you're going to have a strategy that is designed realistically to address the question of employment creation, you have to create the conditions for the creation of new enterprises as well **as** the expansion of existing ones. Therefore, if you are going **to** provide **investment** allowances as part of a strategy to create jobs you cannot follow the IMF and say that job creation that comes about as a result of the expansion of existing enterprises is bad while job creation that comes about through the creation of new enterprises is good. We cannot be so stylish in a crisis, Mr. Speaker. So that our incentives are incentives that recognise that Barbados, if it is going to get on top of the unemployment problem, has to have in place a series of investment allowances that can allow for the expansion of existing enterprises **simultaneously** with the creation of new ones. It is sheer folly and ignorance for any Government to be put in a position where it has to take a decision upon the basis of the fact that a similar allowance allowed for both the expansion of an enterprise and the creation of a new one is one that favours expanding enterprises more than the creation of new ones. It is nonsense.

In addition, Mr. Speaker, we in the Barbados **Labour** Party feel fundamentally that you have to draft unemployment strategy to make it worth the while for businesses when they sit down to do their **tax** planning to see how it will benefit from incurring expenditures of certain critical functions.

The development of markets, Mr. Speaker, in our view, is an important aspect in the employment creation. People will invest and we provide allowances for those. Also if we are going to create jobs we have to be satisfied that there is a market for what we produce and for too long, before 1985 enough money was not being spent by the public sector on market development. If you are going to solve the unemployment in this country, Mr. Speaker, there have to be market development allowances that carry with it the possibility of their being something in it for the man who is actually doing the investment itself. Under the existing taxation system, a person spending money on market development can **claim** that expense as an ordinary expense. But you can only satisfy him that market development and market research is an activity that is critical to him if you provide him with an incentive to put money into market development and research.
11.55 a.m.

In 1985, the Barbados Labour Party decided that for each dollar invested in market research and development a person could claim \$1.50 as an expense under the taxation system of **our** country. Sir, a man who had to do **tax** planning for his company would say that I can afford **to put** money into **market** research because every **time** I put a dollar in **market research** that I can increase my expenses by \$1.50 with a possibility therefore that I am going to show more expenses **than** I actually incurred. I am also going to show a smaller profit and, therefore, I will have to pay less tax **and** my cash position will improve.

Sir, that was the concept behind having **market** research and **development** allowances in excess of 100 per cent of cost. You would have heard the debate coming from the other side, in particular, that not enough money was being spent on tourism market research. We brought those **allowances** to this House with a view to making those things a permanent part of our economic structure. Indeed, if you go to our 1991 Manifesto, we pledged in that Manifesto that in the same way that we brought to the statute books of Barbados, allowances that allowed you to claim 100 per cent of the cost incurred in expenditure on things like market research, that we would have made a similar provision for monies spent on product development, quality control, design, and process and development because Barbados can only become competitive in international fora if the private sector is encouraged to spend money on things like market research and development, development of products, development of processes, quality control and designs. International competitiveness does not arise by chance.

Sir, we believe fundamentally that in every area where the private sector has to take operational decisions that can be of a critical nature in improving the competitive position of Barbados in products, processes and designs, and allow for a great marketing in research and development, there should be incentives on the books. Therefore, we were very upset that the International Monetary Fund, upon the basis of the most spurious argument, was advising the Government of Barbados that those things which are so critical to us now should be removed. This is the danger of relying on people whose experience is of a different economic culture.

In America, Mr. Speaker, product development is something that they have become accustomed to, but it is new to Barbados. Expenditure on market research is no big thing in the U.S.A. because they have been doing it for centuries. But we must understand at this juncture in our economic development that those things are new to us and that we still have to be promoting them even if in other economic cultures, Sir, the need to get the **taxman** to treat these as areas of encouragement has long ago passed. Therefore, this is one of the fundamental problems that we have with the IMF Report. It was not based on an understanding of the operational requirements right now to get Barbados to move from one level of development to the other. It presumed, in our view, that the developmental problems that America had long ago solved was also long ago solved by the Barbados society. It would have been dangerous and outrageous for the Government to have accepted the recommendations in relation to the removal of those allowances. We still believe that they are relevant and we would want to urge strongly that the Government of Barbados, even if it were to **run** into fiscal difficulties, should at no stage do anything whatsoever to impair the long term development prospects of this country by removing either export allowances or investment allowances.

Mr. Speaker, the Minister of Finance was a bit flippant in his presentation of the taxation. When he first spoke in the House on this matter, there were substantial areas in which his presentation was not clear and one such area was the question as to how were the taxation measures going to be applied, particularly the measures applicable to individuals. I believe it was the Honourable Member for Christ Church South who asked the question, if the new tax proposals affecting individuals were going to be effective for the income year 1992 in its totality running from January to December.

Aside.

Mr. SPEAKER: Order please.

Mr. O. S. ARTHUR: I really want the Minister of Finance to address this situation, Sir, because it was an issue of contention when the Budget was read, whether the

new **tax** proposals were going to be effective for **the** whole income year or whether they would be effective only for that part of the income year beginning on July 1st. Let me explain the significance of it, Sir. The income year runs from January to December. People would have already paid income taxes upon the basis of **the tax** legislation existing at the time. If the new proposals are to be effective for the whole income year, then people will **find** that they will be in a position where they would owe income **tax** for the period January to June although when they were in that period the new taxes were not in operation. Let me clarify, Sir. For the second half of the year, these new proposals will be in operation. What I understand the directives from the Inland Revenue Department to be saying is that in addition to the taxes that have to be paid as a result of the implementation of the new **tax** proposals, enterprises and Government **Departments** taking out PAYE are also going to have to go back now and charge you and collect the income tax that would have been payable between January and June is if these new proposals which have become effective as of July 1st had been in existence then. That is a very serious thing because what the Government in effect would be doing then is asking persons to prepay the income **tax** that they would have to pay when **they** make their income **tax** submission sometime next year.

Therefore, I would like the Minister of Finance to clarify exactly what is the status of the special directives that went out from the Inland Revenue Department to all employers. Is it Government's intention that there should be a situation where people will now have to pay in an accelerated way increased **income** taxes, as if these new proposals which have now been introduced and become effective under the law from July 1st, have been in place since January 1st? If the Government also wants to collect its tax in advance, does the Government also recognise that there will be some persons earning more than \$40 000 a year who were not claiming more than \$15 000 in allowances but who will now be in a position under these proposals where they will be paying less **tax**? If the Government wants to collect the money that is going to be owed to it in advance from those who have to pay more tax, is the Government now going to be prepared to refund those people who will now have to pay less tax under the present system? Remember, Sir, in 1980 when we introduced tax changes under which persons can find themselves paying less tax, in order for that adjustment to be made during the course of the income year in question, generally what you do is to allow a **tax** free month so that the adjustment can be made. It seems to me, based **on** what is contained in the directive from the Inland Revenue Department, that the Government wants all of the adjustments to be undertaken in this income year. So that if you owe income tax based upon the application of these new measures on income between January and June, they want the taxes to be paid before the end of December. That would seem to be the intention of the directive.

12.05 p.m.

The legality of it is for the lawyers to decide, but I am saying that if the Government wants to collect its tax payable in advance, then it has a responsibility also to refund those persons who will now find themselves in a position where they will be paying less tax under the system, but the Government cannot have it both ways, Sir. You cannot have an income tax system operating where as a result of the implementation of the same system you collect from those who owe you, but you do not want to pay whom you owe as a result of the use of that system. I am therefore saying that a clear clarification of this matter is required from the Government.

As I said, Sir, I do not believe in any event that it is a fair system. Let me be very clear on the point. I think the Government has a responsibility to say very clearly whether these new proposals are going to be effective 1st July or whether they are going to be effective for the whole income year. When this matter came to this House in July, assurances were given by the Attorney General, as well as the Minister of State, that in effect we will be having two half income years. For the first half of the income year the old tax measures would be effective, and for the second half of the income year the new tax measures will be effective. That is the assurance that was given to this House. What seems now to be the situation is a case where the Government is going to be introducing these taxes effective July but applicable for the whole income year. That is our understanding of it. It would be contrary to the assurances which were given to this House when the matter was brought to the House in the first place. I think it would be unfair and it may even be illegal, and therefore further clarification would be welcomed from the Minister of Finance himself.

Mr. Speaker, it is also clear as well that the Government is making up its mind as to what should constitute a proper set of allowances and deductions as it is going along. When the Minister of Finance came to the House with his Budget in July, he did not at the time indicate that contributions to a pension plan would be one of the deductions that would be retained. In point of fact, Sir, we had two contrasting positions taken by the Government side. The Minister said that most allowances would be eliminated but he added he had not yet made up his mind as to what they would have been. Then we had a position taken by the Attorney General, as well as the Minister of State in the Ministry of Finance, that if the allowances were not specifically mentioned in the body of the statement by the Minister of Finance, the presumption should be that because they were not mentioned in the body of the document, they were eliminated.

Our understanding has been, of course, that we should take the Minister of Finance at his word and that if the allowances were not specifically mentioned in the body of

the document as being retained, then by elimination they were to be deducted. We are now hearing that contributions to pension funds are to be retained as an allowance. We are not objecting to it, but it is contrary to what was set out in the Minister's statement, because no statement to that effect was set out in the document.

We are also being told that contributions by way of a covenant to charitable institutions are to be retained, which brings me to my point. Since the Minister of Finance is open obviously to pressure, and since the IMF document shows that the cost to the revenue by allowing most of the allowances to remain in place is small, not a lot of money, and since the real abuse in our system is not that the allowances exist but that we have two that can be abused by unscrupulous people, will the Minister therefore now listen to reason and simply put the cap on the two areas of abuse in personal allowances that have caused all the confusion?

Before the Democratic Labour Party changed the tax system there was a cap on the amount of mortgage interest a person could claim, up to \$12 000 a year. That was specifically put in place, Mr. Speaker, to accommodate anybody in Barbados at the time who, being of reasonable mind, built a house he could afford and had a mortgage up to a limit of \$150 000, which was catering to all Barbadians that were of reasonable mind. The way in which this decision was potentially corrupted was by taking the cap off the mortgage interest and saying that thereafter all persons could claim all the mortgage interest they were being charged on their mortgage as a tax allowance. Obviously, Sir, there are some people who would have abused that privilege. There are some people who owe little money on their existing homes but might have had other property, went and took out a mortgage, a lot of money, on their homes to clear the existing loans on their other property and claimed the big mortgage for taxation purposes. The system had been abused. There are people who year by year, even without repairing their homes, claim house repairs.

The point I am making is this. Those are the two only extravagances in the taxation allowances allowed to Barbadians. Mr. Speaker, the insurance premiums you can claim is \$1 800. It has not been changed for 6 years. A person claiming \$1 800 for insurance premiums is not abusing the system. I pay more than \$1 800 in insurance and most people do, but we understand it is a cap and a sensible cap. Medical expenses \$450. There is no possibility of abusing that. Your contributions to NIS are a contribution to a pension fund. Pray tell me, how are you going to allow a contribution to a private pension arrangement as a proper tax allowance but not NIS? For most Barbadians the only contribution they have to any pension arrangement is to the NIS.

Since the Minister obviously is open to persuasion, why cannot he recognise that there are only 2 areas in which there has been abuse of these allowances? Cap them, put in a system whereby a person can only claim for house repairs once every 3 years or whatever and let us come back to a system in this country where people who are doing socially desirable things feel that they have a Minister of Finance who is sympathetic to what they are doing! Cap them. That is all you have to do. If you want to, carry back the mortgage interest cap to \$12 000! It would capture the concerns of the mass of the Barbadian people without breaking the Treasury. Put a limitation on the house repairs. Most of the allowances in place are really not extravagant. We have to **stress** this point, Sir, because the most spurious argument that has been advanced in this document for the reason why these allowances should be abolished, is because they do not break the Treasury, but we know that they cause people to respond in productive and socially desirable ways.
12.15 p.m.

When we read on page 34, for example, that the allowance for medical expenses represent 0.1% of the assessment incomes of Barbadians... what are they troubling that for? The allowances for gardener and household help that represent jobs for 3 000 Barbadians affect 0.1% of assessment income. What are they troubling that for? The 2 that are substantial are mortgage interest and repairs. If that is the problem with the system, fix that too. What the Government is in effect doing is throwing out the baby with the bath water. You have a little problem and you have to **overturn** the whole system in order to address that one problem.

I **am** saying this from a point of view of principle. We, on this side, as I said earlier, believe that the way we should structure our system is to have a threshold below which people do not pay income tax. That is, obviously, to be preserved. We feel, that the tax system should be structured to allow people to do economically and socially desirable things through the provision of **specific** allowances intended for the purpose. Any system in Barbados that cannot attain that is not worthwhile. We also feel that there should be sufficient **tax** bands and tax rates that will not so lump persons of unequal means together so that the system in Barbados becomes a way of worsening the distribution of income.

I **am** therefore, Sir, pleading. The Government has obviously brought to the House income tax legislation which will have to be amended depending upon the amount of pressure that is brought to bear upon it. It has **already** shown itself to be open to pressure and open to persuasion, and we are saying that no case has been argued by the IMF for the Government to proceed in the way in which it is proceeding.

In closing, I want to make an additional point based upon where I started. The work that has been done by the IMF established that the biggest problem in the collection of direct taxation is a **tax** administration problem, a problem of compliance, that too few people out of a working force over 100 000 are submitting income **tax** returns. I believe that since **the** IMF document is too poor to serve as a basis upon which **tax** reform in Barbados should be made, the Government should have a proper study done of how we can eventually work **towards** having in Barbados a system which does not lead to over **direct** taxation on a few by increasing the extent of compliance.

I also want to suggest to the Government that it must get people who are other than economists to advise it. Economists can advise Government on the macro economic effects of taxation but, taxation is a complex area. In a lot of instances the issues relating to taxation are more legal than economic. Tax administration in its own right is a specialised field. Economists can tell you how a **tax** might affect the whole economy, but economists may not be the best **people** to tell you how to **structure** a **tax**. The design of a tax system and the putting in place of a tax administration apparatus in Barbados that will **allow** it to contemplate in the future, dealing fundamentally with the changes in the rate of **tax** is a matter that requires specialised study.

There was a former Commissioner of Inland Revenue who had the finest sense of tax administration anyone could come across. He is no longer in the Service. He is doing consulting work **for** other jurisdictions. He understood tax administration as an area. He retired about a few years ago – Mr. **Waithe**.

We cannot presume, Sir, that it is something that everybody understands. Economists in the Central Bank and the Ministry of Finance can help the Government work out the numbers and discuss what will be the effects if you do x or y, but the Government is seeing that the problem is **tax** administration which is a specialised area. The IMF people obviously did not know the **first** thing about tax administration in Barbados. To the effect that they identified it as the key problem, it is inadequate for us to be taking decisions without that matter having been addressed at all.

I would give the fullest support for us to have to come back to this House to look at the kind of system that we want to put in place in Barbados that would allow us to have serious **tax** reform, but we do not yet have it. What this Government is doing, is simply taking the same 26 000 people that are in the system already, changing their taxable income and changing the rates applicable to them.

As I said, the dynamics of the Barbados economy is that we are becoming more and more a service economy. There is more and more informal activity. It is

wrong to have a taxation system that takes the teachers, the policemen, the people who are working in stores, the nurses and merely because they happen to be the captives of a PAYE system, telling them that they have to bear the burden of existing tax or any tax reform system. It surely must be within our imagination as a people, Sir, to put in place a new reform taxation system that can allow us to capture a part of the income that is being generated by that new addition to the Barbados economy, those persons that are working in the **service** economy and the informal sector. That is where the challenge is.

What this Government is doing is wrong. It is taking the same set of people and penalising them because of its unwillingness to be innovative in relation to the administration of **tax** affairs in the country. I would like to see a base line **study** first of all on the extent of the service economy and the extent of informal activity in Barbados. That needs to be done because we need to know clearly what is the real taxable income base that exists in certain parts of the service economy that does not pay taxes now. There are a lot of people, Mr. Speaker, who are in simple occupations, whose incomes are more than yours or mine. They are in what is called the informal sector. You pay your tax and you help contribute to the running of the economy but they don't. A study of the extent of activity in the service economy needs systematically to be **carried** out. A simple and fair system by which persons who are not now in the tax net but who are earning large incomes has'to be done as well, if fairness is to be brought to the taxation system.

I am going to conclude by saying that what we have before us is not really tax reform. The test of reform is like if you had an old car that was giving you trouble and you had to pick at it **every day** and you bought a new car. You would buy the new car with the expectation that you would not have to go into the engine as soon as you bought it. This Government has had, even as it is in the process of implementing these new tax proposals, to be changing them. If this were a new car, it would be one that had come with a bad engine. We can anticipate therefore that **additional changes** will have to be made as early as next year. The real problem has not been addressed. In our view, the problem is tax administration. It is manifestly unfair for the Government to treat those persons on PAYE as the persons to beat to death. If fairness is to be brought to the system, Sir, the time has come for the whole apparatus of taxes to be viewed **from** a different perspective and a new Bill will have to be brought to allow real tax reform to take place in this country as the circumstances require.

I want to finish on one point. As I understand it, the phasing out of the levies is to take place during **1993** and **1994**. Substantial sums of money will have to be given up when those things are done. I understand as well that the

Government intends to introduce a new form of indirect taxation by **1994**. Certainly within **18** months. A new indirect form of taxation can only make sense if you have low uniform rates of taxes, because a large part of the problem with the domestic economy is that the rate of indirect taxation in Barbados is too high.

The Barbados tourist industry is **uncompetitive** because the Government has raised indirect taxes on a lot of commodities that to the ordinary **man** are luxuries but to the tourist industry are critical inputs. If the tourist industry buys these **imported** foods and beverages at high indirect **tax** rate, its costs go up and its only alternative is to buy locally produced commodities which are expensive as well. If the tourist industry is to retain a level of profitability, the reform of the indirect taxation system to have relatively low but uniform rates of taxes is a priority and in fact should be done now. It is appreciated and should be done now. I would like to see the tourist industry growing by **10** per cent per year but it cannot grow if it is not allowed to buy its inputs at international prices. The Barbados tourist industry will always be uncompetitive relative to other destinations, if those industries are buying their food and beverages at international prices while Barbados is buying its food and beverages at international prices plus punitive consumption taxes, stamp duties and so on. Clearly to the extent that we recognise, therefore, that tourism must be the engine that drives us forward, a fundamental restructuring of the indirect taxation system is due like last year. The point I am making, Sir, is that the indirect taxation system will have to be reformed with a view to having a relatively lower rate of indirect tax.

12.25 p.m.

A lot of the distributive trades problem, Sir, arise from the fact that the rate of indirect tax is so high in Barbados that people can get 2 suitcases and go to Puerto Rico or New York, pay the hotel and airline expenses and come back through Customs without, obviously, paying the tax that other people would have to pay if they brought it in through their establishments. They come back and with **2** suitcases they compete with and outsell the stores in Bridgetown which obviously pay the tax and have to employ people.

The Government would also know that a large number of requests for waiver of duties come in because you have a **100** per cent duty on some commodities. Take agriculture, for instance, Sir, if you put 100 per cent rate of duty on a truck and ask for a waiver perhaps you would get it too, but if you put a 5 per cent rate of duty there is no justification for a waiver of duty. A complete reform of the indirect taxation systems to have relatively low rates of **tax** from which nobody is exempt must be done. The question that raises, Sir, is what is going to happen in **1994** if you bring an indirect tax system that recognises the need to cut indirect taxes but at the same time you are

phasing in the abolition of the levies. Can the Government in 1994 accommodate a reduction in the direct taxes **as** is contemplated by this legislation **as** well as a reduction in the intake from indirect taxes which is required for the economy to properly function?

I am therefore saying that it is absolutely necessary, contrary to what has been set out in this document, that the Government should adopt a two-edged stance to the relationship between indirect tax reform and direct **tax** reform. What is necessary, in the final analysis, Sir, is to get more people who are earning incomes above **\$15 000** but are not captive by the PAYE system to carry their fair share of the system. That is why, Mr. Speaker, scientific and serious study of the administration of direct **tax** with a view to broadening the tax net without **unfairing** people is going to be the key which will decide whether the Government can even go ahead in the final analysis with putting in place a sensible form of indirect taxation.

We have no reason in the **BLP** to support this Bill. What has been undertaken has, in every sense, been an exercise in futility. This is an imperfect document that **has** not been properly thought through. The basis of **its** preparation has been people who do not understand our economy. The real key problem has been ignored, and for that reason and that reason alone, Sir, we on this side have no basis in logic in our compassion for supporting this legislation.

Hon. B. M. **TAITT**: Mr. Speaker, Sir, the Honourable Member who has just sat down gave us a speech that was mixed with a series of statements that are valid, which on the face cannot be argued against, interspersed as they were with his own view of the Bill before us.

Now the Bill before us, Sir, seeks to put into place, in essence the income **tax** methodology that will arise from the Budgetary Proposals of July 7. The Honourable Member used as his backdrop the Report of the International Monetary Fund. There are some things I wish to **deal** with in terms of the actual statements which he made, but before that, Mr. Speaker, I think it is important that it is recognised that the International Monetary Fund document **has** been substantially examined and departed from in many respects in terms of those recommendations that have been accepted and those that have not been accepted. Perhaps it is important to read what the International Monetary Fund document was and what it was not. In the preface to the document the authors of the document said that in response to a request from the Barbados Authorities a mission **from** the Fiscal Affairs Department of the International Monetary Fund visited Barbados between February 17 and March **3, 1992** to review the system of direct taxation and make recommendations for reform.

Now the first point of departure, the Honourable Member said that what has occurred has not really been reform and he gave an example of a car and he said that to reform the car that you were tinkering with, you would have to get a whole new car. The IMF Mission indicated that they were making recommendations for reform. The Mission had 3 persons who were: a member of the panel of fiscal experts, **another** member of the panel of fiscal experts and an economist in the Fiscal Affairs Department. They undertook the preparatory work for the Mission and contributed to the drafting of the final report.

The Mission held discussions with senior officials in the Ministry of Finance, the Central Bank of Barbados, the Inland Revenue Department, the Land **Tax** Department, the National Insurance Department, the Land Registry, the Registrar of Corporate Affairs and Intellectual Property and the Barbados Industrial Development Corporation. It also discussed details of the taxation system of Barbados with some representatives of the accounting profession, the Chamber of Commerce and the Trade Unions and it received representation from those groups. It expresses its thanks to the Director of Finance and Planning and the Permanent Secretary in the Ministry of Finance. It **went** on to say it owes a special debt to senior officials of the Inland Revenue Department who devoted an unusual amount of time and patience to explaining tax administrative practices within Barbados and made a number of valuable suggestions.

The Mission's terms of reference called for a review of the system of direct taxation including personal, corporate, stabilisation, payroll and property taxes. The Mission said that it paid particular attention to considerations of efficiency and competitiveness. Ways in which the direct tax base could be broadened were examined and ways to simplify the administration of the present system were implemented. Although the Barbados authorities are also considering possible reform of taxes on international trade and goods and services, notably import duties, consumption taxes and excise taxes, consideration of this area of the revenue system lay **outside** the Mission. Now that is the background of the document which **was** subsequently submitted to the Government which had wide and varied dissemination within interested groups in the society and this document was the base document of reform for the direct tax system in Barbados.

12.35 p.m.

The Honourable Member, I **think** legitimately, can raise questions about the results of the study. But I do not think that there can be any doubt that an **attempt** was made to get experts from the International Monetary Fund to participate in a tax reform effort. A number of people in Barbados also participated in the debate which ensued and one of the problems which I perceive and it is one of the reasons why I quite frequently do not become involved in this so called economic debate or become involved

in the debate even on this measure of taxation is because, Sir, there is a lot of fundamental misunderstanding of many concepts. But there are so many experts in Barbados in so many areas that it is sometimes very difficult even if you have knowledge and expertise to participate without being regarded as a charlatan.

Now the Honourable Member ~~said~~ as he was finishing something that is very significant. He said that what we should concentrate on observing – I am paraphrasing, Sir – is that tax administration in itself is an **area** of expertise and that nobody who is an economist or **has** in fact been exposed to economics might understand tax administration. **Sir**, that is a truism but it is a truism that is not well known or understood in Barbados because everybody is a tax administration expert. If you read the newspapers in Barbados for the last number of months, Sir, you would see that some of the better respected names in the economic debate had all manner of things to say about how we should go about our **tax** administration reform and much of it was errant nonsense. If one examined it on its face, one will find that much of it did not **bear** any relationship to the reality of the situation that exists in a **tax** system, whether that **tax** system is in a two by three country in the South Pacific or here in Barbados or a part of the United States.

Mr. Speaker, the Honourable Member **quite** rightly said that there are four areas that we have opportunity to discuss activity. Exchange rate – I think that on all sides it is **agreed** that Barbados has a responsibility to itself not to tinker with the exchange rate, if it can avoid doing so. There is no country in the world that does not have the kind of system that the Honourable Member described where you can pay for your imports with **your** own currency, that has had its exchange rate tinkered with that has not suffered a slide that never stopped. Because Barbados currency is tied to the U. S. dollar, there are a number of technical devaluations and revaluations from **time** to time and most people again do not understand that. It is important, therefore, if this country can maintain the parity. There is no real manoeuvrability on the exchange rate.

In the context of monetary policy, I have listened to the radio on more than one occasion and heard a number of so called experts in this country talking about monetary policy. Sir, if you examine the actual quantity of money that is circulated in the Barbados economy and if you look at the situation, the amount of monetary policy that anybody from that side or this side can exert on this system is almost infinitesimal, Sir. There are certain basics that occur in the economy of Barbados that cannot change. They will not change no matter who is directing it. Our system is mostly the gathering of statistics, the interpretation of those statistics, and trying to come to some sensible conclusion of how we might do one thing or the other. Most of the time it is a question of style. When we

start talking about monetary policy in grave tones, the scope is very limited. The interesting thing is that before 1972 we did not have any Central Bank. Ask anyone to give you a dissertation on the monetary policy before 1972. In a sense, Sir, it is the same thing that is happening with the OECS countries. The reason why the OECS countries are not in the same situation as Barbados, Jamaica and Guyana is because they have an economic system that is tied in such a way...

Aside.

Hon. B. M. TAITT: It is a simple matter. So they are not likely to have the same problems that we have. They have the system that we had before 1972. Now it also means that they are limited in the amount of scope which the Honourable Member is saying that the Minister of Finance must not deny himself. Therefore, a Minister of Finance in St. Lucia is not called upon to make the kinds of decisions that the Minister of Finance in other countries is called upon to make. I **am** not making a judgment for or against. I am just saying that we need to clear away much of the mystiques surrounding this.

Incomes Policy – The Honourable Member said and I share his view that in talking about an incomes policy it is not quite well understood in Barbados either. One of the reasons is that those persons who are interested in an incomes policy always see it as a restriction of incomes of the people who work. To the extent that they **talk** about an incomes policy, that is how it is perceived in Barbados. The trade unions **are** usually the ones called upon to bear the brunt of any incomes policy. In **truth**, Sir, the United Kingdom has tried incomes policies in a fundamental way the most. I think that most of the literature comes out of the United Kingdom. Barbados is not likely to be able to have other than a broad statement of intention on what we ought to be able to do and what we can do with our resources in the context of an incomes policy. But in Britain when they tried an incomes policy, it resulted in serious difficulties. In fact, they have not got out of that yet. The Honourable Member says that the fiscal policy is the major tool of manipulation. Statement of fact. It is a statement of face, so what it comes down to is that we are discussing the methodology that is to be used as we make slight adjustments and some changes in what is existing.
12.45 p.m.

Sir, let us deal with this question of neutrality one time. The IMF stated that in drawing up recommendations for the reform of direct taxes that the Mission sought to ensure that such reforms would be revenue neutral, that is, that they would result in no net loss of revenues to the Barbados Government in the fiscal year 1992-93. Any talk of neutrality could **only** apply in the context of that year.

Mr. O. S. ARTHUR Mr. Speaker, on a point of elucidation. I recognise that the IMF document spoke

in terms of revenue neutrality, but it also regarded the granting of allowances **as** allowing discriminatory rates of taxes to apply to different people who have the **same** income, and it said you had therefore to bring a system that was neutral in relation to how taxation affects people with the same income regardless of whether or not they were doing different things with the same income. It spoke about revenue neutrality, but it also spoke about an additional kind of neutralities.

Hon. B. M. **TAITT**: I am grateful to the Honourable Member for that explanation, because I think again that it is important that we separate out what they meant by revenue neutral for a fiscal year **as** opposed to the point which the Honourable Member took in which he had an argument and there is a point of departure for that argument.

Now, Sir, it is clear that if one is familiar with the situation in Barbados, that one may in fact have become wedded to a certain set of principles or a certain set of practices which have been accepted in Barbados as being part of the fiscal policy of Barbados. But, Mr. Speaker, I will make bold to say that, even according to **their** document, the IMF Mission must have been informed by a vast number of local persons...

Aside.

Hon. B. M. **TAITT**: I am coming to that. One of the things which I think the Honourable Members on **that** side have a duty to do is to clear away some of the myth **about** the allowances. The Honourable Members have a duty, especially the Honourable Member for St. Peter, to help with the clearing away of some of the concepts about allowances, because one of the things which the IMF document has successfully done, without prejudice to the decisions which have to be taken and **are** being taken by the Government, and therefore the Government takes the responsibility for the decisions, but they did help to clear up the concept that the allowances somehow operate to a substantial benefit of a large number of people.

The **truth** is, Sir, that of the 100 000 or 110 000 or 120 000 persons who work in Barbados, fully 87 000 really have none other than a passing interest in the details of this reform package. They have not been called upon; and will not be called upon, to pay income tax. They however used to pay taxes but did not necessarily know, and that point has to be reinforced, that the vast majority of people in Barbados were paying through the levies and the other impositions. They were paying direct taxes out of their pay packets every week, but they did not know, because they believed that they were getting – well, they knew in a sense that they were not getting the money – but they were led to believe that they were income tax free from \$15 000.

Now, the **Honourable** Member made a point which needs to be taken. The Honourable Member mentioned the \$15 000 and said that if the system is unfair it is the **DLP's** fault, because in 1986 it introduced the concept of \$15 000 and a 15% increase across the board. I would only say, Sir, that the Barbados Labour Party cannot take any justification from that, because the Honourable Member for Christ Church South only failed to do the same exact thing by \$3 000. His position was that he was **going to** have \$12 000 and, in the words of the song, he was back raised. I am not getting involved in that, Sir, I merely make the point that that position was accepted across the board on both sides of the divide. The Honourable Member may take a position for himself, but his party had indicated that they were going to have a base of \$12 000.

The Honourable Member for Christ Church South has said on more than one occasion that \$12 000 was the fairer number, that was the level at which you could approach it. I am not arguing, because it may very well be that the point of principle is whether you needed the across the board, but what **is** important is that the measures which have been **introduced** changed.... There are 26 000 taxpayers and when one examines in great **detail** the numbers of persons who had a taxable income in excess of \$15 000, the **total** number comes to 3 206 who managed, on the basis of allowances, whose income was greater than \$15 000.

Let me put it another way. If you take the income **tax** return form, Sir, those persons who would have been affected by the allowances, because their allowances would be greater than the \$15 000, added up to 3 206 persons of 26 000 people. Of those 3 206, time does not permit a breakdown, but a systematic breakdown of the numbers who earn up to \$10 000, those persons whose minimum deductions would fall into the \$15 000 category at the moment, they were making a total contribution of \$1 820, persons \$15 000 and below, persons who benefit from the \$15 000 deduction right now, make a total deduction of \$813 plus their National Insurance deduction of \$1 008 and they have **total** contributions of \$1 820.
12.55 p.m.

. According to these proposals, within the 1993 position those persons will actually have a reduction where for \$13 000 as opposed to \$15 000 they would have a deduction of \$1 333. The total payment instead of being \$1 820 per year will be \$1 333 per year. In 1994, that same individual instead of paying \$1 820 which if he were given the \$15 000 deduction he would be paying, it **would** be reduced to \$1 138.

The Honourable Member is now **from** his seat discussing user fees. The user fees that they have to pay in relation to anything else can be equated with what was happening before. It is no argument. I have heard it

being trotted out about people saying they have to pay more for this and that. If you go from 1982 through 1990 you will find that there has been a progressive increase in a number of things. The Honourable Members sometimes forget that they are the ones who said there should be no price control. I am sorry the Honourable Member is not in his seat because the philosophy which has been imported into the system came straight from the Barbados Labour Party. I don't forget, but I don't have enough time to deal with that.

I am making the point that the number of persons who are affected is small and the number of the 26 000 who will be affected negatively in these terms probably add up to about 300 plus. All of the others, including the Honourable Member, who earns in excess of \$100 000.... If the Honourable Member is paying his taxes, as I believe he is, in 1990, he will be paying as much as \$42 000 in total contributions out of \$100 000. He would have a total deduction of \$39 392 plus a national insurance deduction of \$2 883. The same Honourable Member in 1993 will save almost \$10 000. He would be required to make a contribution to the national coffers of \$34 983. In 1994, he will only have to pay \$34 425.

These are the statistics from the Income Tax Department. These are not bogus statistics. These are not assumptions. I think the Nation published them one day but they published them in a straight line. They need to be explained so that the population can be aware because the Honourable Members have been giving the impression that large numbers of people out there are going to be suffering. I have heard people on the call-in programmes saying that the Government is going to be taking more. That is an absolute blatant lie.

Asides.

Hon. B. M. TAITT: The Honourable Member is the only person with the \$12 million figure. He is a \$12 million man and I am not getting involved with that. He has his \$12 million. I do not know his source. I am saying that the Income Tax Department has given us a breakdown which I can make available to the Honourable Members which shows that there are only 191 people in Barbados who declare an income of \$100 000 or more.

Asides.

Hon. B. M. TAITT: Quite seriously, when all is said and done and the details of the system are examined one soon realises that the direct payments that are being taken in the form of levies are being compensated for in the difference between \$13 000 and \$15 000. A person who had a \$15 000 allowance is in no worse position and that is what is meant by revenue neutral – in terms of the numbers.

The Honourable Member talked about the categories and very carefully crafted a person who is a maid with a person who is a headteacher and said they should not be in the same tax band. The truth is, Sir, that right now there is no real difference between them. There is no real significant difference between the vast majority of public officers. If you take this document in the House, the Schedule of Personal Emoluments, the vast majority of persons in it fall under \$30 000 a year. Let me give you an example, Sir. A Station Sergeant in the Police Force has a top salary of \$27 000, a Staff Nurse has a top salary of \$27 000. They are basically the same. A staff nurse with 15 years experience and a station sergeant earn the same salary of \$27 000 plus a few cents and these are among the higher salaries. The vast majority of people in Barbados average about \$23 000 a year. Therefore, this impression that is being given about teachers losing their houses is totally erroneous.

Asides.

Hon. B. M. TAITT: The Honourable Member, Sir, is the last person to discuss salary freezes. The Honourable Member is in the fortunate position of not needing any salary so these concepts do not bother him. He speaks purely theoretically. He is not involved with this matter at any level where he has any practical difficulty that he can turn to. He is not like the Honourable Member and who can draw on practical experience.

Sir, when you take Appendix B and you go through the number of persons and you take the second category of persons who earn between \$25 000 and \$37 955, which includes the Chief Public Health Inspector, the Dental Officer, the Deputy Chief Community Development Officer, Deputy Chief Fisheries Officer, the Director of Women's Bureau, the Tutor of the Barbados Community College, Senior Tutors in the Hospital. These are the people who are 26. If you take people who are earning \$34 000 to \$36 000, it would include Air Traffic Control Supervisor and the Crown Counsel and the Senior House Officer. If you take persons earning \$31 000 to \$36 000 those are Administrative Officers I, a Chief Marshal, the Senior Budget Analyst. If you take those earning \$27 000 to \$36 000, there is a large number of people – Senior Executive Secretary, Senior Public Health Inspector, Maintenance Supervisor, Insurance Officer, Information Officer. If you take those earning \$27 000 to \$31 000, Z10 – 6, they include the Community Health Sister.

The vast majority of people in Barbados do not fall above \$36 000 in the Public Service. When you consider this, Sir, and you look at the allowances that were given for the mortgage interest there is not a single one of them whose mortgage interest would have been in excess of \$8 000. If you take the \$8 000 plus the \$4 500 which they would have been given...

Asides.

Hon. B. M. TAITT: ... Well, it is very strange. The Honourable Member is saying from his seat whether I **am** now convinced of that. I don't have to be convinced because it is a statement of fact. It is trite information but it is information that has been taken and magnified and put in the marketplace so that people misunderstand it. The vast majority of public officers, more than 85 per cent would not have benefited from any mortgage interest in excess of \$8 000. If you take the allowances which are put on the income tax form on page 1 and you add them up, the amounts which they will get in terms of being able to claim in excess of \$15 000... We are talking about 85% of people in the Civil Service. Let us take the people in my constituency, Sir. Ninety-seven percent of the people in my constituency have absolutely no interest whatsoever in these things because they do not affect them. In terms of their earnings, it does not affect them. The taxes that used to hit them is the levies. They will no longer have to pay any levies and by 1994 they will **be** in a much better position than they are now, in terms of direct taxation.
1.05 p.m.

The Honourable Member would be in a position when his time comes to tell these people what to expect but I have told mine and they have lost interest in the manufactured debate which was being generated by a small number of people who – some of them – do not appear to understand the measures.

Some of them, **'too**, do not understand the measures and they have led a cacophony of confusion throughout the length and breadth of the country on these measures. When they are examined in the stark light of reality, 87 per cent of the people who earn money in Barbados are going to be better off according to the direct taxation. Of the 13 per cent that are left there are about 350 people who have been able – I **am** included in that 350, Sir. If you have rental property and you are able to pay a very large sum of interest and if you had to borrow money because the Labour Party would not let you get work and you had to pay interest, all of those things, added up, gave persons like myself and one or two other Members in this House, an **opportunity** to claim over \$15 000 in allowances and therefore it might make a difference.

The Honourable Member for Christ Church West is one of those persons who will have a **little** difficulty, but the philosophy which his colleague was outlining...

Mr. H. deB. FORDE: On a point of order, Sir. I am not in this debate. I have no difficulty whatsoever, none whatsoever. I am bothered about those people who are earning under \$15 000 whom the Government has taxed out of existence and the \$30 000...

Hon. B. M. TAITT: Sir, the Honourable Member, on a point of order, misled this House in the worst way. Sir, for the Honourable Member to get up and say he is one of those persons earning under \$50 000... Let us take him, Sir. He has just **confirmed** my point.

Mr. H. deB. FORDE: I have not said I am earning "X" or "Y". What I earn is a matter purely **for** the tax people's confidence. I said I am bothered about those persons who are earning under \$15 000.

Hon. B. M. TAITT: Sir, the Honourable Member has helped me with my point because, if that Honourable Member, whose income is now legendary in the country... If that Honourable Member... He is going to be a beneficiary – he is going to be paying less because instead of paying 50 per cent on that vast amount that went over the third level...

Aside.

Hon. B. M. TAITT: We are discussing income tax, Sir, and there is nothing more germane to income tax than the high earners, Sir. Those who earn at the upper level, even they are getting a break. And in the final analysis they are the ones who are probably going to be the beneficiaries, as the Honourable Member for St. Peter was making the point, because instead of paying 50 per cent of a **certain** level of their incomes they will now be required to pay only 40 per cent.

Mr. SPEAKER: The Honourable Member has exceeded his time by 5 minutes.

Hon. B. M. TAITT: I am finishing now, Sir. These measures and this particular Bill is putting in place the measures. I believe they have achieved one of the things that they set out to do, that is to simplify. In the United States, Sir, they have 2 forms. They have a short form and they have a long form. I hope that we will **soon** be able by simplification of this to have an income **tax** form which a first standard child would be able to fill out and submit. I think in that regard the tax reform has been successful.

Mr. Speaker, when the opportunity presents itself in Committee I will say a few more words. I am grateful to you for your indulgence.

SUSPENSION

Hon. P. M. GREAVES: Mr. Speaker, Sir, I move that the House be suspended until 2.15 p.m. today, Sir.

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

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.

1.11 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Hon. H. B. St. JOHN: Mr. Speaker, I think that in our evaluation of the impact of the amendments there is some thing that we should always keep in the back of our minds, and that is that the primary purpose of the income tax is to **raise** money and these tax reform measures, as I understand it, are in the same vein. The fact of the matter is that in this fiscal year additional sums of money will be raised.

The burden of the increased sums must fall on the shoulders of some taxpayers and there can be no doubt, Sir, as I understand it, that until the levies are removed, and they are not being removed this year, nearly all of the taxpayers in the lower brackets will pay more. Those in the middle brackets, that is, with incomes between \$30 000 and \$50 000 will also pay more. Those in the higher brackets, except for a certain category, they will pay also.

It is very necessary for all us to remember, in our evaluation of the impact of this Bill that given that additional revenue is being raised, it is only a question as to how that additional burden is distributed.

The second point I would **like** to raise is, and I want to stress it, that even in the next financial years 1993 and 1994 and thereafter it is clear that the direct tax reform proposals must be looked at in the light of the fact that an indirect tax reform exercise is being undertaken and also in the light of the fact that the Government's revenue requirements are being partially supplemented by the additional receipts that will arise from the direct taxation, that is going to go on owners of land in the form of increased land taxes. Also, it is clearly understood that the levies, the amounts which are forgone by the abolition of levies will be made up in 2 ways, partially by the broadening **of** the base in the form of the inclusion of a larger number of people in the tax bracket by reducing the \$15 000 to \$13 000, by the fact that hitherto on the first tranche of income above \$15 000 that the **tax** rate was only 15 per cent and that has now risen to 20 per cent now and will rise to 25 per cent.

What is equally more important, and something that is being underestimated all the time, or its impact underplayed, is the fact that it is the distinct and definite intention of this Government to raise the level of National Insurance contributions. There can't be any doubt about that. So here it is you have, and don't tell me not, the tax reforms predicated upon a VAT, an increase in the land tax and an increase in national insurance contributions by

raising that significant band from 15 to 25 per cent as the rate of taxation on the first tranche. That is how the Government is going to make it up. That is the real meaning of the tax neutrality in here. The real meaning is that the Government will be giving up in year 2 some \$6 million to \$8 million or \$3 million or \$4 million but it will be more than made up by the other impositions.

So that is the exercise we **are** doing. That is why the points made by the Honourable Member for St. Peter are so valid. I endorse everything that he said – but I am not going to repeat it – that we feel on this side that these **tax** reform proposals, as constructed in this manner, fail to take into account the fact that in a society such as Barbados, a fiscal system and a taxation system must reflect certain deliberate decisions of the Government as to how it wishes the people to behave in relation to savings, exports and matters of that kind.

2.25 p.m.

Sir, we have pointed out for a long period of time that in the context of Barbados the importance of exports should never be down-played. That is the reason, as he said, special incentives were put in there for the purpose of encouraging exports. We also would like to emphasize equally the importance of savings and the importance of the provision for retirement. I am very glad to **see** that the Government has taken the point that it is necessary to encourage the continuous deductions for dependent relatives and the continuance of the deductions for pension contributions. The full impact of that in monetary terms we have not had the opportunity of gauging, and that brings me to this point.

We are in a real position of disadvantage in this House because of the fact that this House does not receive on a regular basis the reports of the Commissioner of Inland Revenue and the Department which sets out in clear terms the various categories of taxpayers and the categories of income from which the **tax** is derived. If you are going to have an intelligent discussion on income taxation in Barbados, one would want to know a lot of detailed information about the number of people in various tax brackets.

Sir, I have been around long enough to know that the exercise which is now being called a tax reform exercise is a mere tinkering. This is not a fundamental change because we have not addressed a number of areas. The Honourable Member for St. Peter spoke on a number of them. I do not want to repeat them. But one of the fundamental areas that we have not dealt with is the question of the treatment of capital gains in a society such as Barbados, bearing in mind that you have made the decision on the existing law that transfers of capital on death are no longer subject to death duties and bearing in mind also that there is a highly technical distinction between income gains and

capital gains in the law of income tax. Many countries have solved that problem by saying that that body of literature that has developed to determine what is income, what is gain and what is capital is no longer relevant because the gain derived from capital will be taxed upon the basis of a specific band of tax in their tax brackets.

Sir, it is impossible to discuss the Barbadian tax situation and to compare it with the United States' Federal **Tax** system without taking into account the fact that in the United States they still have both these taxes, death duties as well as capital gains tax. We are not comparing like with like when you are discussing the relative merits and demerits of the two **tax** systems if you fail to take that into account.

Sir, regarding the Tax Report, I want to add my quota of criticisms to that because of the superficiality of that Report. It is very evident when you read the Tax Report and you see that there is no particular discussion, or no discussion of any significance in this important area because that is an aspect of direct taxation. That relates to the treatment of capital gains. The best report that I know and the best analysis of the impact of income tax in Barbados and the distribution of burden is a **Trieloff Report** that dealt with all aspects of taxation as well as the administration. I do not have to go over the question of the obvious need in Barbados to **try** and reconcile the **statistics** of the number of people who file tax returns, the **26 000** plus the others. Because there may be additional taxpayers who are not in that **26 000** but they are still taxpayers and include the people in Barbados who own **substantial** properties.

Sir, I would have thought in these **days** of computerisation and the large information base which we have in Barbados that it should not be too difficult to **find** out how many people in Barbados own property and whether those property owners are taxpayers. I mean the computer is capable of throwing out this data. That is why we keep emphasizing from this side that we must not ever try to overplay and to over-emphasize the so called radical change that is going on here. **As** the Honourable Member for St. Peter has said, you are raising a given amount of **tax** from relatively the same number of people and you are re-distributing the burden within **that** given number of people unless you do the exercise of trying to broaden the base by including people who should be paying tax who are not and also by **looking** at those areas of income or gains in Barbados which should really be taxed and brought under the tax net.

Sir, there are a number of other areas which we will go into in detail, but I want to conclude by saying this. If a fair presentation is to be made with respect to the impact of this exercise, we must be told year by year what are the anticipated receipts. We have not been told that. I have

been calling for it on every occasion that I have the opportunity and I intend to call for it because I feel that **the** public should know that we are having an increasing **tax** burden in particular this year and we know how that is being distributed. We also want to re-emphasize the point that in this exercise of tax reform that we are fooling ourselves unless it is in the context of the fact that this is only one part of an exercise of changing the burden of taxes in Barbados. But we must remember that this Government's appetite for taxes is so voracious that it will continue in the same vein and at the end of it all we will still be paying over 30 per cent of our **gross** national product in direct and indirect taxes. Unless we can get from the Government a new pattern of behaviour in relation to its appetite for expenditure, we will still have a tax burden in Barbados which is far too heavy and which will act as a damper upon the productive sectors in Barbados.

Mr. H. A. BLACKMAN: Mr. Speaker, I will be very brief on this matter, but I thought that I should join in the debate to make a few points clear. The first point that I wish to make is that recently, and it is not being made by any Member in here but by persons who I believe were connected in the tax reform measures, other **apologists** have been using the fact that only **26 000** persons out of over 100 000 **taxpayers** have been paying taxes and the fact that high income **persons**, or let us say the top 2 000 income earners in Barbados, have been **benefiting** from the allowances to justify, **in my** view, an increase of taxation on the people of Barbados. I am saying that to use the fact that only 26 000 persons out of a work force of over 100 000 are paying taxes as justification for taxing those of us who are **working** is to put the cart before the horse.
2.35 p.m.

Mr. Speaker, I would have thought that the **first** thing any Government would have done was to look to see how you can get that number of **26 000** persons who **file** income tax returns and who, obviously by inference, are paying taxes, increased. In fact, Mr. Speaker, about 3 or 4 weeks ago on a call-in programme on one of the radio stations I had the privilege to read to the moderator what was done in Argentina by Mennen. They said that **tax** evasion in Argentina was a pastime, it was a joke, and Mennen employed 40 inspectors to go around and investigate those people who should have been paying but were not paying. It has caused such a transformation in Argentina that persons who are now paying are also giving up and advising the authorities on those who should be paying.

My suggestion has been, ever since the supplemental Budget was introduced into this House of Assembly, that it would have been better for the Government to have employed 20 persons – if there is not much to be done at NHC, get 20 persons from NHC – train them and get them to go out there and investigate those persons – obviously you do not want to go from one extreme to the

other – who should be paying taxes, because no one can convince me that only 26 000 persons in Barbados out of over 100 000 should be paying taxes, so I believe it would have been better if the Government had employed 20 persons as tax inspectors, even if they were transferred from another department into the Department of Inland Revenue, to investigate those people who should be paying taxes and thereby ease the burden on those persons who are **working**.

What **has** been happening over the past number of years, Mr. Speaker, is that those persons who have been **working** and paying every single year have been asked to pay more, and the time has to come when that has to be stopped, because there is a limit to everything. I believe that all persons who **are** gaining income and who should be paying income tax should pay, and I think that is where the Government should **start**.

The second thing I want to address here this afternoon, Mr. Speaker, is the argument being used, by apologists again for these tax reforms, that because the high income people are benefitting from certain allowances you remove the allowances. I do not believe that is the way that any Government which is concerned about the welfare of poor people should go. I do not **think** a former Prime Minister, **Errol** Barrow, would have gone that way, I do not believe that Tom **Adams** would have gone that way. If the top 2 000 persons are benefitting, but the lower persons are benefitting as well, you do not remove the whole thing, you set a limit. If you remove the whole thing, you are telling the person at bottom that he cannot benefit any more because those at the top are **benefitting** as well. Even with respect to taxes on the houses I believe it would have been better – and nobody can convince me otherwise, because I have heard a lot of excuses being given – for the Government to say there would be no allowance for any house valued over \$250 000. I believe that would have been better, because I believe that any person who can build a house for \$300 000, \$500 000 or \$700 000 has no right with any allowances anyhow. I do not believe in removing allowances **from** which poor people are benefitting, or because of the argument being used in here that the top 2 000 people are benefitting more than the fellows at the bottom. There has to be some limit. I can understand your saying that the unlimited mortgage interest has to go. Set a limit. This has been my view from the time these measures were put in place and this is still my view on this matter.

The next point I wish to make, Mr. Speaker, is that I **find** it very strange that in all the countries within the past 10 or 12 years the IMF has gone into – and you can read a book called "Fiscal Measures in Developing Countries" written by Tanzi from the IMF/World Bank – it was recommended that the tax system be made more progressive. In Barbados the situation is different. We are being told now that the best system in Barbados is one that

is less progressive. What is the reason why suddenly in Barbados we are being told that the best system to operate in Barbados is a less progressive **tax** system, when in all the other countries the system was made more progressive?

Mr. Speaker, the point was made today. We have to understand **that** there were persons paying only 15% of their assessable income in taxes. Those persons will now be paying 20% and from January next year they will be paying 25%. That is why I am convinced that the measures brought in on July 7, especially when it comes to this year, 1992, are not really reform measures, they are measures calculated to extract the maximum amount of taxes out of people.

2.45 p.m.

Mr. Speaker, those of us who took time to read the IMF document would have seen that that document stipulated that these levies may be removed if your revenue comes up to scratch. I have heard people say that it is \$12 million more and my information is that it is more like \$15 million more which will be collected from these reform measures. Someone has to pay them. They have to come from somewhere. If the revenue is going to increase this year by \$15 million, Mr. Speaker, and you are saying that those persons at the top will benefit and you are saying it is not going to hit the ones at the bottom, well, there is only one set of persons left to pay that increased \$15 million. No one yet, not one single analyst so far has responded to the point that was made that as far as the year 1992 is concerned these measures constitute a tax gathering exercise. Whenever you speak to them they say over the extended period of 1992, 1993 and 1994. They go down to 1996 and they point out what benefits people will get. I don't have any 1993 put down nor 1994, far less 1995. I want to know about this year.

I am saying this. With the amount of suffering that is out there, Mr. Speaker... In fact I heard a statement reported that someone said in another place that Barbadian's standard of living has not dropped because look how many people went to Crop-over. I would not like to comment on that because I don't believe the chap made it because, if he did, he obviously does not understand what is happening out there. That is turning every sort of logic upsidedown. That is saying that if you take 8% from people and you increase taxes on them their standard of living is not dropping. How can that be so?

Mr. Speaker, I want to say that this year it is going to be very difficult for the people of this country. I had an opportunity to speak with an official and the official said to me – not a Barbadian official – "Harold, are you prepared?" I said, "Prepared for what?" He said, "It is going to be 10 times worse this year than it was last year." He continued, "But your Prime Minister was warned." I am talking about an official and a very important

official. I believe, Mr. Speaker, that people in Barbados have to understand what is happening in this country and you have to stop telling people about what will happen by 1996 and 1995 because by 1995 and 1996 there may not be any of us here to enjoy anything. That is the point you have to make. It is okay to talk about 1996 and these measures will benefit people in 1995 and 1996, what is going to happen this year? I believe that the Government has to look again at those allowances. I think they need to be looked at and I believe again that the land taxes will have to be looked at again and even the allowances on insurance.

When an insurance agent comes to your home, he starts out by telling you that you are able to claim such and such a thing. When you buy the insurance you buy knowing up front that you are going to get allowances. Now, the allowances are gone. Those persons who bought insurance with the understanding that they would have been able to claim – most of the time that is why you buy it – you know you can claim the \$1 800. Now, that is gone. I think these measures have to be looked at.

Finally, I would wish to say that in the IMF documents, and I have read 2 or 3 of them, a lot of false arguments come up. A lot of the conclusions they come to are based on false premises and I believe it is due to a total misunderstanding of what takes place in this country. Mr. Speaker, I find it alarming that in every single IMF or World Bank document they say that the measures will have to be tailored to meet each country and still we have measures in Barbados that no one can say or would wish to say are being imposed by us.

I have to ask the question, Mr. Speaker, did we have any person to put our case to the IMF or to the World Bank? Who did we have to put our case? The question has to be asked. I am saying that all the talk about the uproar and the noise will only last 6 or 7 days and will die down is short changing the people of this country. Barbadians are docile people and I do not understand anyone saying that because people in Barbados make noise for 5 days and then don't make noise after that it is okay to tax them as you like. Do they want Barbadians to do like the people in Poland where they were on strike for 2 years? I am telling you, if this goes on it may not be far, it may not be long that this sort of thing happens in Barbados. God forbid that it ever happens. I am warning: a people can only take a certain amount and then they are unable to take anymore and then all of us will see what will happen in this country. Thank you, Mr. Speaker.

Mr. D. A. C. SIMMONS: Mr. Speaker, I made initial observations on the new income tax measures during the Supplementary Budget last month. Having regard to the legislation which has now come down, I see no reason to resile from anything that I said on that occasion.

Indeed, I find myself in harmony and in sympathy with much of what has been said by the Honourable Member who last spoke and with the Honourable Member for Christ Church South. I happened to be in here after the election in 1986 when the Democratic Labour Party came in on the basis of a tax reform programme that was attractive to the vast majority of the electorate to such an extent that the Barbados Labour Party was virtually wiped out. In the 5 years after 1986, the 3 of us who were leading the fight for the Opposition in those years could not be...

Asides.

Mr. D. A. C. SIMMONS: The Honourable Minister wants me to put in the records the sobriquet that was affixed to us – the "Three Blind Mice". We could not believe that within less than a year of winning an election, based on tax cuts, the same Democratic Labour Party Government had found it necessary to do a complete U-turn, a complete go pass on the electorate of Barbados and start a massive implementation of tax measures which have proven to be an excessive burden to all Barbadians in the past 5 or 6 years.
2.55 p.m.

The significant thing is this, that prior to 1986 one got the impression that there would have been a movement and a shift towards indirect taxation whereas after 1986 there was both the shift to direct taxation and indirect taxation. The public of Barbados complained that they had had, enough. It was well captured in the hallowed phrase of the Honourable Member for St. Peter in 1990 when he called on the Prime Minister and Minister of Finance to ease the squeeze. Far from easing the squeeze things have got worse because we are now in an IMF programme, locked in, without any apparent input from the Government of Barbados that would have seen initiatives in tax reform that were different, bold and imaginative from those which have characterised the IMF medicine throughout, particularly the third world. So we are lumbered now with a whole range of tax measures which will only serve further to cause this economy to contract.

One consequence of a contraction in the economy is unemployment and we are seeing that on a daily basis – more and more layoffs, more and more being sent home. From the very top in companies to those at the bottom. They are sparing no one.

It does not lie in the mouth of anyone in the other place who was associated with the preparation and the promulgation of documents in support of the tax cuts of 1986 now in 1992 to renege and say that all of a sudden the tax structure which we had in place before was beneficial only to upper income earners.

I want to make it clear that the tax structure which we had before, which has been fashioned and born

out of experience, over many years, particularly since independence, that **tax** structure was modelled on the Canadian legislation and gradually refined and amended from time to time to suit the particular needs of a developing country.

We recognised, over the **years**, that it was important to give incentives by way **tax deductibles** to persons both in the classes of the corporate world and as individuals to enable them to become more productive, to develop their businesses, to create employment and to assist in promoting the dynamism of the economy.

Those deductible allowances that were allowed from 1968 throughout the years until now, had subsisting under them a certain philosophy. For example, none of us in the BLP or the **DLP** would have wished it upon the people of Barbados that they remain, in terms of their housing, in the position that they were in **1940** or **1950**, or indeed the early 1960s.

Politicians on both sides recognised that the promotion of home ownership was a worthy aim, objective and ideal and to enable Barbadians to move swiftly into the **area** of home ownership a number of allowances were contrived and ingrained in law so that persons would be encouraged to build their own homes, decorate them, repair them from time to time and get certain benefits by way **tax** cuts. We even went to the stage in the **1970s**, when it was found necessary to develop alternative energy programmes, to give allowances for those who installed solar water heaters. There is a whole range of things. Now all of that is gone. The mortgage interest which was claimable will no longer be claimable.

I expressed the view, during the supplemental budget, that the abolition of mortgage interest is going to see the abolition of a lot of homes. Already we are seeing in the newspapers attorneys-at-law acting on behalf of mortgagees, taking the step to sell out people's houses because they are defaulting on their mortgage payments. That, is going to get worst.

I asked the government, Sir, to have a limit on mortgages. In 1986 we said it was madness - I am not saying anybody was mad - financial stupidity, to give unlimited mortgages. The Government and DLP refused to listen to us. The result was that there was a hemorrhage of revenue from the consolidated fund and now they have had to **seal** off that leak but they have done it in a very **draconian** way of moving from unlimited to none at all, when it would have been far less painful to have a cap and say, okay up to \$1 000. That is a policy decision. I don't mind what number the Government says should be the cap, whether it is \$1 000, \$800 a month or whatever, but there should be a limit so **that** people, particularly the lower middle-class who have moved rapidly into home ownership...

Hon. B. M. **TAITT**: On a point of elucidation, Sir, the Honourable Member was not in his seat when I dealt with this matter and pointed out that in fact the 87 per cent of the population of Barbados who own houses should not have a mortgage interest in excess of \$8 000 and that with the \$4 500 which was given as an allowance, it still fell below the amount which is now being given. Therefore the argument that has been put forward on the question that persons will have their houses abolished is not in fact as valid as it appears on the face of **it**. I thought the Honourable Member should be aware that point was made:

Mr. D. A. C. **SIMMONS**: I accept the point of elucidation, Sir. There is nothing like empirical experience to determine the validity of the submission. Next year this time I will be in a better position to tell him what the reality of the situation is but I accept it for the time being, Sir.

Sir, I must say that I got the shock of my life on the Saturday after we concluded the last supplemental budget debate because on the Thursday I had invited the **Prime Minister**, as an act of humanity, as an act of charity, as an act of **kindness**, to allow homeowners **who** were now burdened by this increase in land **tax** by **installments** to pay land taxes over a period of time by **installments**. His reaction on the Floor was that he could not give me any **information** about that. He is not saying whether it will be done or can be done. He will have to discuss **that** with the officials. A day passed and by the Saturday evening I heard that land **taxpayers** will now have an opportunity to, **by** **installments** and interest is wiped out. I am **grateful**, Sir, that the Prime Minister acceded to my request. I am not so happy that he was so uncharitable **as** not to remember me in his Press **Release** because I was the one who **prompted** the action that has now caused some relief, particularly for people who are on fixed incomes like civil servants and **so** on.

3.05 p.m.

Sir, I want to speak about companies. Many of **us** have had the opportunity to use the device of company, and I am addressing Clause 17 of the Bill, for the purpose of providing a future for our families in **business** and in corporate activity. We complained that under the colonial system that people of **our** colour never had the opportunity to engage in business or learn about it and since Independence there has been the very fundamental and important social and economic development in Barbados where black people involved in business and are using all of the business devices to promote economic enfranchisement for our class.

I have been in corporate business since 1972 after I came back. **One** of the first companies that I was involved in was the Nation Corporation. I think there were 11 or 12 of us on one Sunday morning at the old Press Club

in Bay Street and we determined that Barbados had need for a second newspaper and we all chipped in some money for it. I cannot remember how much money it was but it was small, around \$2 000 and we got the Nation off the ground. Today, the Nation Corporation is the single most successful black business in Barbados. I am proud to have been associated with that company. I have never been a director but I have been a shareholder as some members on this side have been. The Honourable Leader of the Opposition is not a shareholder in his own name. One of his companies is a shareholder in the Nation Corporation since it is a family company.

Of course, Sir, I had the very fortunate experience of being taught by Professor Gower and Professor Wedderburn, now Lord Wedderburn, in Company Law and being the **first** Barbadian who got a Masters Degree in Law. I also was taught by Professor George Whitcroft in the Law of Taxation. So I had a legal business training for the Masters between **1963** and **1965** and I appreciated how one could develop business activity and use a company for the promotion of economic interest in one's own and family's economic enfranchisement. It was not a struggle in 1972 to launch Gem Travel with the person who is now Deputy Prime Minister of Barbados as one of the shareholders and subsequently Worthing Court Hotel, Gem Tours and Gem Investments, the company which owns the property in Spry Street which was the subject of some scurrilous attack earlier this week.

Sir, never have the Deputy Prime Minister and myself had a disagreement in the running of those companies. We quarrel and we fight like dogs, if necessary, about our various political stances and his attitudes towards the policies of the **DLP**. But in business, we do not quarrel because the businesses are bigger **than** either one of us and the ideal and objective for which the businesses have been set up are of a far greater moment than our own individual political differences. In none of those businesses have I ever heard anybody on the Floor **ask** what we put in or what we are getting out. I am dealing with Clause **17** of this Bill.

Aside.

Mr. SPEAKER: I said the digression may be permitted.

Mr. D. A. C. SIMMONS: Yes, Sir. Now that I am in another company called SBG - Simmons, Bannister and Greaves - as a shareholder and, as far as I am aware, the Deputy Prime Minister is not a director in SBG, a Member on **this** side on Tuesday asked what is SBG putting in and what is SBG getting out of it. Now I have never asked about anybody's business in here. This is a private company and not a public company. What I put in and what I get out is my business.

Aside.

Mr. D. A. C. SIMMONS: You asked what did SBG put in. I wrote it down. It is a joint venture.

Aside.

Mr. SPEAKER: That is the only problem. Now the Honourable Member understands clearly.

Mr. D. A. C. SIMMONS: Yes, Sir. I know what **tax** is to be paid by that company will be paid under Clause **17**.

Aside.

Mr. D. A. C. SIMMONS: It has to do with me. The three shareholders have made it clear in the Press, Sir. We did not hide behind any company. I did not hear any questions asked when politicians in Barbados joined with Neal and Massey in a joint venture to develop lands in Christ Church. I never heard any questions asked about what they put in and what they were getting out. **I resent** it. This is a joint venture with Thornbrook International and it must be judged on the same basis.

3.15 p.m.

Mr. SPEAKER: I do not think the Honourable Member was here when **I** was making my rulings on these matters. I did not permit any discussion on that aspect of the debate on Tuesday and **I did** so on the basis that the House was not apprised by document or otherwise as to the contents of the matter, which would be very difficult even for myself to make rulings. So I asked Members to refrain from discussing that matter until the appropriate time,

Mr. D. A. C. SIMMONS: I just wanted to make my position clear, Sir. I have to abide by your ruling, notwithstanding what anybody wants to hear. What the Honourable Member for the City asked the other night I have seen reproduced in a letter in the Sunday Sun signed by one Terry **Ali**. I know on behalf of whom he was writing and who encouraged him to write in those terms, Sir, but since you have got me strait jacketed I will deal with that at another time. I know where the source is, the source is not necessarily in Barbados.

Mr. SPEAKER: I must be consistent and therefore I have drawn the line at which I will allow the Honourable Member. I have allowed the Honourable Member to make that statement because all the other Members who have spoken had an opportunity to put in a very concise way their position, and therefore I was suggesting to you when we get to that stage we should get back to the Bill.

Mr. D. A. C. SIMMONS: I just want to disabuse the public's mind, Sir, because there are a couple of facts I **think** the public deserves to know.

Mr. SPEAKER: I do not think in this debate we should do **that**, because we would obviously be in...

Mr. D. A. C. SIMMONS: Give me a chance, Sir, I am dealing with clause 17.

Mr. SPEAKER: ...breach of the Rules of the House if we go to that extreme. I am sure we will be.

Mr. D. A. C. SIMMONS: Clause 17 says in a marginal note, Sir, "Rate of **tax** for companies generally" and one of the **tax** structures that we have in place in Barbados is a structure that will affect, **as** I said in the July debate, construction companies that were allowed a rate of tax of **20%** in the Act and other companies, insurance companies had a **special** rate of **tax** applying to their premium income, we know that **IBCs** pay **2%** and all other companies pay **40%**. so there is a gradation in there. There are some companies - tourism development companies, hotel companies - which get **tax** exemptions. I want it clearly understood, Sir, that if a company applies for **tax** concessions, like **Marriotts** Sam Lords did when they did the extension and built on the number of rooms east at **Marriotts** and were granted...

Aside.

Mr. D. A. C. SIMMONS: Mr. Speaker, I do not know if he is a shareholder. I doubt it. But a person would only have a conflict of interest, not where he is a shareholder, but where he is a director and he is making decisions which in that capacity would conflict with another capacity. I do not know anyone on this side or on that side who was a shareholder in a company, his party got into government and he sold their shares. He would be a madman. I would like to hear of some who sold their shares. We have to make a distinction between ownership, control and direction.

Certain remarks made by Miss B. A. MILLER were ordered by Mr. SPEAKER to be expunged from the record at this stage.

Mr. SPEAKER: My own intervention in this matter, which I was trying to avoid the whole idea of discussing, but which I am still going to do.... As far as this Chamber is concerned, the question that has been surfacing is not of particular reference to this Chamber, simply because anything that arises out of those kinds of subject matters only comes to this Chamber in terms of a vote. The only thing that this Assembly could most likely consider out of parliamentary practice is that if a Member knows that he has an interest in a particular matter and then seeks to vote on that matter in the House, then I think the House has enough right to dissuade that Honourable Member from taking his vote in the Chamber. That is as far as this Chamber would be concerned in the terms of pecuniary interest. Therefore, it is only a question of a vote. All other

matters would have to be done under other conventions.

I will give you an idea what I am thinking about. If we need to address this properly in the Westminster system, there is a register in Parliament where Members...

Asides.

Mr. SPEAKER: Order, please. I am just giving the House's position. If Members need to follow the conventions, **as** is practiced in the Westminster system, clearly this Chamber could set up a register where Members who have pecuniary interest in matters can register with the Chamber their various interests. That is as far **as** this Chamber is concerned, so that when the **time** comes to vote on a particular matter I would be in a better position to determine whether that person can vote on the matter. What we are doing is simply outside the context of the Bill and certainly outside the province of this House.

Mr. D. A. C. SIMMONS: Mr. Speaker, I know you are going to give me back **all** that **time** you have taken from me.

Mr. SPEAKER: Surely I will.

Mr. D. A. C. SIMMONS: I also know that you heard, before I made the last sentence in my contribution, from this side: "I want to hear about the Deputy Prime Minister."

Mr. SPEAKER: But I have taken that from the record.

Mr. D. A. C. SIMMONS: I was trying to answer the request from this side and I hear now that I am defending. I was only responding to somebody on this side.

Mr. SPEAKER: The Honourable Member must still be out of order, because the Honourable Member who made that statement was not given permission to speak. Therefore that reply is not relevant to the debate and that is the reason why it was taken from the record. That is the point.

3.25 p.m.

Mr. D. A. C. SIMMONS: Mr. Speaker, I want to say that on Tuesday when it was alleged that Government has given tax waivers in respect of the golf project, that was not true.

Mr. SPEAKER: I must say that I have not permitted other Members to deal with it.

Mr. D. A. C. SIMMONS: I said on Tuesday, Sir.

Asides.

Asides.

Mr. SPEAKER: I am asking the Honourable Member for the City to control herself. There is no need to put out anybody.

Mr. D. A. C. SIMMONS: Mr. Speaker, in respect of the taxation of companies, I believe that the time will come when we have to look at a different basis for the taxation of companies and I hope that the Grenville Phillips Committee which looked at tax reform at some time would have recommended a 2-tier structure.

I believe we have to look at even the turnover, **working** capital, not any nominal stated capital, and make a distinction between what companies which are smaller than others paid by way of taxes. I don't think that it is necessarily right – I would be grateful to hear arguments about it – and I believe that a **case** can be made where a company whose annual turnover is below a certain billion dollars should pay tax at a particular rate, above a certain annual turnover at a different rate. I think we have to move to that.

My fundamental quarrel with this legislation, Sir, is the way that the Government proceeded between **1986** and **1991** to increase indirect taxes and direct taxes at the same time as tacking on levies to the direct tax system. I think the time has **come** now when before they brought this legislation we should have had legislation dealing with the indirect system. There is no point coming this year and doing a direct tax system reform without taking into account the impact that the indirect taxes will have. We have heard talk about a VAT that will be introduced in Barbados or something like a VAT. It would probably have been better to harmonise the 2 systems and come with legislation that was addressing both the direct and the indirect at that same time, but I **am** fearful that as we **are** going now this is going to be burdensome in a direct way on people at the same time as the cost of living as a result of the indirect taxes which **are** going on every day and increasing and will be in place until some new legislation comes. As that increases and the direct taxes increase, I think we are going to have a real serious burden being placed upon the taxpayers of Barbados. Indeed, not only the taxpayers, but everybody because the cost of living is going to hurt everybody from pensioners to millionaires.

Asides.

Mr. D. A. C. SIMMONS: It is a little painful to hear the smears and the slurs but I was warned. When I disclosed my interest in SBG to my Party I was warned that I would hear so many things about me. The Honourable Leader of the Opposition knows from last year because he was working for one of the people in the Deane family and still is. The lands have not been bought because

the purchase of the **Kingsland** Estate was subject to Town Planning permission.

Mr. SPEAKER: The Honourable Member has come to the end of his presentation.

Mr. D. A. C. SIMMONS: I don't like to hear the argument that none of them is putting in money. Nobody knows what money has been put in. Anybody who has the remotest contact with Corporate Law would know that shares can be tendered other than in cash. You can pay for shares in cash or in value of what you put in. I have done a lot of legal work for my companies and I got shares in return for the legal work. This is the place, Sir, that you should disclose your interest. I have had the chance today to disclose mine. It is disclosed in the paper before us. My interest is the same as anybody else's.

Mr. SPEAKER: I have given the Honourable Member extra time and that time has come. I think **that** is reasonable.

Mr. D. A. C. SIMMONS: I am obliged to **you**, Sir.

Mr. H. deB. FORDE: Mr. Speaker, Sir, I intend to speak about the Government and the Income Tax Act and the burden which the Government is putting on people. I don't intend to speak on any other subject. Whenever I have to speak about myself, I do so in a proper way and I hope that nobody will believe in public life that they have any one finger to push at me. I have the distinction of having brought in here the Integrity Bill which should govern a lot of people in this country and I have had to take the acrimony of people saying that I was hiding a private **trust**. So, when it comes to talking about integrity, I was not in the House when some statement was made but when they come to talk about integrity, I do not believe there is any other person in public life who has had the courage of his convictions to bring integrity legislation and fight for it. I just want to make that absolutely clear, Sir. I **am** going to talk about the Income Tax Act.

Hon. P. M. GREAVES: On a point of elucidation. I am the only person that referred to the Honourable Member **at an** earlier time when he was not in his place in relation to an interest. I said at the time I thought he acted properly in that particular matter. Having declared an interest in the Cabinet – that's what I said – I thought he acted properly although he might have gone a bit further.

Mr. H. deB. FORDE: I am going to have a lot of time in this House to discuss integrity legislation because I **am** going to bring it back into the House and I will see how many of them have the courage of their convictions. I am going to bring it as a Private Member's Bill shortly. I will have a lot of time to deal with it, Sir. I want to talk about the Income Tax Bill.

I have dealt with the income tax proposals...

Asides.

Mr. SPEAKER: May I have some order, please.

Mr. H. deB. FORDE: Mr. Speaker, I only made one brief statement and everybody is **upset**. They **know** they can't handle me when it comes to slurs.

I have dealt with the income tax proposals which arose out of the Supplementary Budget of the Rt. Honourable Member for St. Michael South. I don't intend to traverse that road again, except in a very succinct manner to say that the effect of these proposals is not as claimed by the Honourable Member for St. Michael West, that people are going to be better off. People, particularly, people in the middle income bracket in this country...

Hon. B. M. TAITT: Mr. Speaker, on a point of elucidation. I never said anybody is going to be better off. The Honourable Member must be very careful not to misquote what I said. I **took** statistics and demonstrated that the total amount being paid by various categories would be reduced. That is all I said.

Mr. H. deB. FORDE: I do not accept his figures. I don't care where he got them from. We have also had done by professionals, the figures relating to the effect of the **tax**, both before reform and after reform and if I get the taxable income of \$1 500 before reform and after reform and go up to \$100 000 it is only when you reach a taxable income of \$58 750 that you are better off by this Government's tax proposals. That has been illustrated in many instances. It is false to mislead the people of Barbados to believe that these proposals are going to help the people who are at the lower end of the economic scale as well as those who are in the middle income.
3.35 p.m.

It is a fact that people earning above \$58 000...

Hon. B. M. TAITT: On a point of order, Sir, the Honourable Member by the framing of his language, appears to me, to be suggesting that I may have been misleading the House and the people. The information which I gave, came from the Inland Revenue Department and I have no reason to believe that that information is false or **trumped** up or in any way misleading. I pointed out that persons in all of the categories, but especially those at the lower end, would in fact be making a total contribution of less than they are now making under these orders and the information, Sir, is available to House if necessary.

Mr. H. deB. FORDE: Sir, I will go through some of the categories, and this was done by accountants who deal on a daily basis with returning people's tax income, and give the effect of the **tax** reform proposals.

Aside.

Mr. H. deB. FORDE: Accountants can't read and write, Sir. The Honourable Member reminds me of the Rt. Honourable Member, deceased, for St. John who said that fishermen, all they wanted were cork hats, old shoes and a policeman's pants.

Certain remarks made by the Mr. H. deB. FORDE were ordered to be expunged from the record by Mr. SPEAKER.

Mr. H. deB. FORDE: I wish, Sir, to give some of the examples. Before reform a person with a taxable income of \$25 000 pays an average rate of 24 per cent or \$6 000 in 1992. In 1993 it would be \$7 170 or 26.6 per cent. A person with \$30 000 paying a tax payable of \$8 000 averages 26.7 per cent in 1992 and by 1993 and after it is 28.7 per cent. I can go on, Sir, but I am not going to take up all of my time going through on those figures.

Sir, I say that the proposals which the Government has brought and the manner in which they have brought them, not only widen the tax net by making taxable, persons who **are** not now taxable, but in the middle income particularly, and in the lower income, the overall proposals would make them worse in this country in relation to their standard of living. I will wait, Sir, and see the fall out and the impact and I am going to make another prediction. The Government will shortly have to come into the House and reverse themselves, as this Democratic Labour Party is now so well known for reversing itself, on some of these proposals.

I was in this House in 1986 when the Democratic Labour Party, including the Right Honourable Member for St. Michael South, came in here and said how beneficial it was to give people increased allowances and deductions. It is not many years, Sir, it is all there. It is in the debates, if you wish me to bring the debate I will bring the debate on the argument that all of the items that we hear tonight will not be hurting anybody. Promises kept, promises performed. The trouble with the Democratic Labour Party, Sir, is that the Democratic Labour Party has the greatest number of con men that I have ever seen in any party.

Hon. B. M. TAITT: Mr. Speaker, Sir, on a point of order...

Aside.

Hon. B. M. TAITT: That is true but I represent the Democratic Labour Party. On a point of order, Sir, Honourable Members...

Mr. SPEAKER: Order, please, order please. Let me hear the point of order.

Hon. B. M. TAITT: On a point of order, Sir. We are all members of the Democratic Labour Party on this side and for the Honourable Member to say that the Democratic Labour Party has the biggest number of con men, I think it is insulting, and I feel that the Honourable Member should withdraw that remark.

Mr. SPEAKER: I think I have already set the path for this kind of ruling. I have always said that if a Member feels aggrieved about a statement that was made and that Member feels that that statement is directed towards him then he has a right to ask the Honourable Member to withdraw the statement as it refers to him and since the Honourable Member is saying that he is a member of the Democratic Labour Party and that he is identified as such, then I think the Honourable Member's point of order is valid and therefore you will have to withdraw it in terms of the Honourable Member.

Mr. H. deB. FORDE: Mr. Speaker, Sir, because of your ruling I will say that I am not, according to the Rules, allowed to refer to any Member of this House and I am not referring in this House to any Member of this House. I say very clearly, Sir...

Mr. SPEAKER: I do not think the Honourable Member...

Asides.

Mr. SPEAKER: I am not taking that kind approach. I have already ruled that the Rules are for Members of this House. Any statement made to cover outside of this House, I have no jurisdiction over, and therefore if the Honourable Member says that it does not refer to the Honourable Member as such then I take it that all Honourable Members believe that is so.

Mr. H. deB. FORDE: That is consistent with your Ruling, Sir, when I took an objection when the other side called us criminals before.

Mr. SPEAKER: That's right I took that position.

Hon. B. M. TAITT: Sir, on a point of order, I was merely making the point that if it is all right for an Honourable Member to refer to the people outside from a political party as con men it should be all right to refer to the people outside from the Barbados Labour Party as criminals.

Mr. SPEAKER: But the Honourable Member should know very well that all my rulings are relevant.

Order please. My rulings are relevant. Order please. My rulings are relevant because one needs to understand where the ruling rests. The ruling refers primarily to Members of this Chamber. The rules of this House do not

cover any person outside of the Chamber and therefore it is in that context that any Member who feels aggrieved about a statement or anything made against him he has a right to object and therefore the reference is no longer to that Member and the point of order satisfies that. As the Honourable Member has said it is not the Honourable Member so I rest the matter.

Mr. H. deB. FORDE: They have a knack in that party of misleading the country, skinning cuffs the next day, finding an excuse for those cuffs and they call it part of their communications skills basically. I have not seen a party that in the process of 4 years can so change their colour like chameleons, particularly when it comes to matters of this nature. I have never seen anything like it. You take a country in 1985 and 1986, you go to elections on the basis of justifying one programme and I have had to sit through this Parliament in the last 6 years to see the Democratic Labour Party take its programme, that it gave to people as a serious contract, and turn it upside down. Therefore when I hear that there is cynicism in public life, it is caused because there is no consistency on the part of those people who are now leading the country. That is the difficulty that we have, Sir, and you will find the biggest public relations exercise done afterwards to confuse people's minds and make them believe that everything was all right; that was never our position.
3.45 p.m.

Now I can understand when people can come and justify why they have to change. The difficulty with the Democratic Labour Party when it comes to tax measures is they do not seek to give the justification because they are without error. It is a party that never accepts its errors in this country. Everything is a public relations exercise. If you had the decency as a person like me in politics to quietly get up and talk, you would hear "Don't mind Henry Forde." But if you had the blandishment of other people who like to get up and talk all over their face whenever they want and call it good public relations, then you are an outstanding politician in Barbados. There is no consistency at all from the Democratic Labour Party. One of the things that has hit me on these tax proposals is that the wheel has come full circle for the public of Barbados to begin to put on their thinking hats and ask politicians seriously to put the price tag on whatever proposals that come out of Manifestos. What we have gone through in the last 6 years between 1986 and now has been a traumatic adjustment to people's standard of living. I regret to say that this Bill which is before us is partly part of the culmination of that process.

Sir, let me deal with one or two matters that will arise as matters of principle in here. Take the deduction of NIS benefits. This Bill now makes that not deductible in arriving at your income. I believe fundamentally that is wrong. You have made a payment in order to

contribute to social security. Some people never live long enough to even benefit **from** social security. Some people have contributed so many years that even when they get 65 years and start to draw a pension they die before they can exhaust the contributions which they have made to the fund. Yet, when you are putting that in, you are being taxed on it and you are not allowed to deduct it. What is the equity and social justice in this? This is the party you know that claims how near they are to the people. They are nearer to the people and they love the people so much. Once before they ploughed the hill for the black people with all the pejorative terms they used. But when you examine their words and their actions, there is a vast gaping gap between the two.

Sir, let me take another one to illustrate why on these matters I speak in the way I do at the moment. Let us take the income maintenance of children. The Government is now changing legislation to allow a husband and wife to deduct in the year 1993 \$500 in respect of each of two children. Sir, to get that deduction, the children would have had to attain the age of 18 years but not had attained the age of 25 years and be in full time instruction. Do you see the limitation, Sir? Under existing legislation...

Aside.

Mr. SPEAKER: Just one minute. The Chamber is a bit noisy. I wish Members keep a little quiet. Continue.

Mr. H. deB. FORDE: Under existing legislation, you are allowed a deduction for your children and we are talking about this in the context where the first \$15 000 is not taxable. Although now the first \$13 000 is not taxable, you are in a position where the child's supplement will be reduced from 1993 **and**, furthermore, to get the benefit of it, the child has to be 18 years.

Aside.

Mr. H. deB. FORDE: Well, I am reading from Section 13. I am speaking from 04-08-92, Sir. Members are asking me **what** section. I am going to read the section. The principal Act, Section 13 of this Bill is amended by inserting therein and immediately thereafter Section 38 **the** new section. It is Subsection (d), Sir, which says:

"In calculating the taxable income of an individual for an income year, it should be deducted from the assessable income of that individual such of the following amounts that are applicable."

I have Subsection 1 (d). It comes under Section 38 (b)(1). I am reading from the last Bill given to me on page 8, 1992-08-04 and I have in the case of an individual who during the income year supported his child or the child of his spouse in respect of income year 1993 \$500 and in respect of income year 1994 and subsequent years \$1 000.

In respect of each and not more than two children who had attained the age of 18 years but had not attained the age of 25 years at the end of the income year and during the income year receiving full instruction at an educational establishment. That is the **provision** that I have, Sir. I say that if this is so, Sir, the only children in respect of whom you can have a dependence allowance and a deduction are children who are in full **time** education **between** the years of 18 and 25. There is no other provision in the Bill.

Aside.

Mr. H. deB. FORDE: It is the new Section 38 of the Act. I am saying that is the position that has come down. Other than that, this section replaces what is called the dependent section in the Act. I am dealing with the children. When I speak in the way I do, Sir, usually you will think uncharacteristic of me because I **try** to avoid pejorative language, it is because I feel very deeply on these matters. Some of us have managed to attain some degree of a good life in Barbados. But there still is a lot of our citizens who are badly off which we must bear in mind.

Aside.

Mr. H. deB. FORDE: The Honourable Members are telling me from their seat that that is not what is intended.

Hon. B. M. TAITT: On a point of order, Sir. There can be no doubt whatsoever and it may be necessary for the legislation to be **amended** in Committee. But there can be no doubt of what the Minister said in the Supplemental that you will get an allowance in the year 1993 and 1994. That is the specific indication of the Minister when he made the Supplemental Statement. Therefore, if there is an interpretation difficulty, it can be straightened out in Committee but the principle is clear. In 1993, allowances for children are up to two. If the legislation is not right, we will fix it in Committee.

Mr. H. deB. FORDE: Sir, you will hear the Opposition does not do its job. Once again, I have been in this House with this Democratic Labour **Party** when they came down to **tax** vegetables, the little lettuce that people grow in their gardens. Now that I get up and point out to them that they really are not giving people...

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is misleading the House. The Honourable Member knows that the Democratic Labour Party Government never came down here to **tax** lettuce and tomatoes. The Honourable Member knows that the record is clear, that errors which had been made had been corrected by the Right Honourable Member for St. John, who is now not with us.

3.55 p.m.

Mr. H. deB. FORDE: All right, Sir. I will give him that but I will respond to it. The Democratic Labour Party does its work so sloppily that the Opposition has to correct the errors for it in Committee. That is what he is trying to tell me, but that is the Bill I have. If the Honourable Member has another Bill, let him show me.

Hon. M. A. KING: Mr. Speaker, on a point of order. I understand the point which the Honourable Member is making, that there needs to be a correction in the draft. What is intended is that there should be an allowance of \$500 in 1993 and \$1 000 in 1994 in respect of children under the age of 18 years, but in relation to persons between the ages of 18 and 25 they should be at school in order to receive benefits. An appropriate adjustment will be moved in Committee.

Mr. H. deB. FORDE: You know, Sir, the Government is going to get a little bit more worried when I tell them about some other howlers they have in this one. I am glad to see that my intervention, with all the interruptions, has now brought forth from the Government that they have to amend the Bill. When I said they would have to be amending this Bill because of the injustices it is causing, I am proven right right away, Sir.

Let me tell you again, Sir, how the Democratic Labour Party stands on its head. They have been on record as saying how much women should have their own rights and what benefits they are going to give to women in this country. Therefore, I would expect that not only the language of the drafting of the legislation, but also the substance of the legislation will reflect that.

They have done two things, Sir. In relation to maintenance, they have made maintenance now not deductible by the payer, so if you are paying pursuant to a court's order X dollars a month for the maintenance of your ex spouse you cannot deduct it, but at the same time they have denied the right to deduct that by the person who is paying. That is going to have a catastrophic effect in some respects on the level of maintenance men are going to be able to pay. That should be set right.

The second thing, Sir. Under the new clause 38(4) "No deduction may be made in calculating the taxable income of a married woman habitually living with her husband in respect of the deductions allowed under subsection (1)(d)...." – that is the child supplement section – "...unless she furnishes to the satisfaction of the Commissioner evidence of the fact of her husband's relinquishing of his claim to those deductions." This is a Government that believes in women's rights, you know. In subsection (1)(d) they are allowing you to deduct \$500 for each child in 1993, \$1 000 in respect of each in 1994, provided, according to the draft before me, they have attained the age of 18 and up to 25 years, but if a woman is working and she is in a higher taxable income than her

husband, let us say, or her spouse, she has not got the choice of even half of that. She must now get her husband, and let us say there is a dispute between them, to sign a document. You cannot be serious about women's rights and bring this sort of proposal. You must recognise that taxpayers in their own right are earning and give them the benefit of the position. That is one criticism of the section.

I am going to give a second criticism of the section based on the strong feelings I have about women's rights in this country. I have done something about that in my public life very clearly, Sir, I have fought strenuously to improve their rights, and therefore I take strong objection to this type of legislation.

There is no definition that I can find in the existing law or in this Bill of what is a spouse, Sir. I have previously said that in Barbados there are more common law situations of a permanent nature than there are married situations and therefore we have updated the legislation, starting in 1977, in this House to make sure that persons who are in a permanent union for at least 5 years are defined as spouses. So you might have a situation that if A and B are living together for 20 years, a permanent relationship in Barbados, but they may not be married and that they may have children in these circumstances, you find that they are being ignored under the existing legislation. I make the point again and ask the Government to amend section 86 of the Act so that the term "spouse" at least accords with the definition in the modern legislation in Barbados.

The other point I wish to make is that the new Clause 24(c) which is brought in by page 6 of the draft I have in my hand, Sir...

Aside.

Mr. H. deB. FORDE: I am not making Committee speeches, I am illustrating the unfairness of the legislation, the inequity of it, Sir.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member in relation to subsection (4) of clause 13 of the Bill is indicating that the Government is changing a policy, but on checking one finds that that is identical legislation which now exists in Cap. 73, which was passed by the Honourable Member.

Mr. H. deB. FORDE: The Honourable Member will remember I have raised this point before. The last time I raised that matter the Government said at the time that it would look at a redefinition, but they did not go through with it. If you are reforming the law and this is billed as tax reform I would expect that tax reform would be up to date and modern.

4.05 p.m.

Hon. B. M. **TAITT**: On a point of order, Sir. The Honourable Member is misleading the House. This particular section was put on the Statute Book in 1980. Therefore, the Honourable Member was part of the Government of the day. For him to be suggesting that we should reform, this is the law which they passed and we assume that the law under the champion of women's rights would have been exemplary.

Mr. H. **deB. FORDE**: Mr. Speaker, Sir, I would hope the Honourable Member would recognise that in this House I have made this point before, since 1980, for a change of the law in order to reflect what came out of the Family Law Act in 1980. That is the whole point I am making.

Let me move on to the other section dealing with section 24(c). This allows in the assessable income of an individual for 1992 and subsequent year a deduction for the amount of payment that is paid to a minor within the meaning of the Minors' Act or by old age. I am suggesting that that section, if the section which follows afterwards which is the existing section 25 is kept, then there must of necessity be a contradiction and a conflict because section 25 says that

"Where a person transfers property or the income from property in such a way, whether directly or indirectly, that a person who is a minor during that income year is beneficially entitled to the income from that property, either immediately or in the future and whether contingently or otherwise, then..."

the income

"...for that income year and every subsequent income year until that in which the person beneficially entitled to the income from the property becomes of full age... that income shall be included in calculating the assessable income of the person."

I am saying that once again this illustrates the conflict that is coming from this type of legislation. As a matter of principle, Sir, I am also raising the issue of whether the legislation **does** not make intercompany dividends taxable. It seems to me that on the basis of the draft that has been brought down that it is not clear and I would suggest that intercompany dividends paid by company to another still remain subject to tax.

The other point which I wish to make – in Committee I will draw the Honourable Members' attention to this specific provision – relates to the deduction of interest. The way in which this legislation comes before us, section 64C, section 22 of the Act, seems to place on a series of individuals the right to deduct from persons resident in Barbados withholding tax on interest being paid. It seems to me in those circumstances what we are doing is, if I am

paying mortgage interest to a person, I immediately have to withhold a percentage of the interest. Now, that form of interest should normally be subsequently taxable and there should be no necessity to do that at all. I raise it as a matter of principle. I also wish to go back to the vexed subject of losses and how to treat losses over a particular period of time.

Asides.

Mr. H. **deB. FORDE**: The Honourable Member says, it is a term of art and they treat mortgage interest differently from other types of interest. I say that is not the point. The point is that interest is interest and you will note that we are now amending section 8 of the principal Act to say that the amounts included in assessable interest is now interest and dividends appearing and arising outside of Barbados and therefore, it is very important that we should look at it from this point of view.

In relation to losses, once again although losses remain deductible in certain circumstances and you can carry them forward as against your income, section 23 when dealing with contributions to pension funds, covenants to benevolent organisations and covenants to dependant relatives, makes these now not deductible in arriving at the income against which losses are to be set off and I am suggesting to the Government that this is illogical. In other words, you make a loss. Let me put it to the Honourable Members.

You have a covenant to give away within the law up to 5% of income. You have given away the money and normally you would therefore be able to get that off but overall in that year you have suffered a loss of your income but because of the nature of the covenant you still have to give away that income and you cannot therefore use that loss as the draft before us says now in order to deal with your overall taxable income. It seems to me in those circumstances it is illogical.

The Honourable Member asks me why not, Sir. When I get into Committee I will direct the Government's attention to the particular section and the difficulty which it is creating. I have used those specific provisions of the Act to say that it does not seem to me that the Government even at this late stage has clearly set out the parameters of its tax reform measure. In addition to the great somersault which the Government has performed between its position in 1986 right downwards and now it seems even at this late stage the equity and the fairness one would expect in tax reform measures are not there and in fact the overall tax reform that one would have expected has certainly not taken place in this particular legislation that is before the House.

I would seriously urge the Government that there is still a need in Barbados to have a broader and

a more comprehensive look ~~at~~ the whole area of tax and in addition, speaking ~~as~~ a lawyer and a person who practises in the tax reform field, the legislation itself needs a comprehensive approach and a new Bill.

Finally, I want to say this to the Government: **Trinidad** and Tobago, like some of our other Commonwealth Caribbean countries, accepted the suggestions of the **IMF**, as we ~~are~~ accepting them now, for tax reform and have found that ~~because~~ of the social and economic conditions of their people they have had within a short space of time to revert to the very fundamental principles that have inspired and influenced our tax legislation up to now. I am going to predict, Mr. Speaker, that within a few years this very House will be asked to reverse some of the specific measures that the Government is bringing down here today.

The reasonableness and the fairness of the position of the Barbados **Labour Party** Opposition now and our position which we ~~took~~ when we were in government in **1985** will once again be proven to be valid and **correct**. It does hurt me, Sir, that people have to learn so heavily from experience for all of these errors that have been made and at a cost to the country. It is reflecting itself in the fact that today we have unemployment in excess of **23%**. The Government said in its March figures **21.5%** with almost **30 000** people out of work. That is the great tragedy of this type of legislation.

The question that the Bill be read a second time was put and resolved in the affirmative without division.

COMMITTEE

On the motion of Hon. P. M. GREAVES seconded by Hon. B. M. TAJTT, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. L. L. BRATHWAITE in the Chair.
4.15 p.m.

Mr. CHAIRMAN: The House is in Committee.

Clause 1 was called and passed.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that Clause **2** stand **part**.

Hon. P. M. GREAVES: I beg to second that, Sir.

Mr. H. ~~deB.~~ FORDE: I am inquiring from the Minister whether the purpose of this section is now to remove from deductibility any maintenance paid by a ~~person~~ for the maintenance of their spouse and if so, will the Minister explain ~~the~~ reasons why this is necessary?

Asides.

The question that clause 2 stand part was put to the House and passed without division.

Clauses 3 and 4 as amended were called and passed.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that clause **5** stand part.

Hon. P. M. GREAVES: I beg to second that.

Hon. H. B. St. ~~JOHN~~: Is there a mistake in ~~this~~ under (c)?

"The rent of any dwelling house except such proportionate part thereof ~~as~~ may reasonably be regarded as attributable to use of the dwelling house for the purpose...

Asides.

Mr. H. ~~deB.~~ FORDE: Sir, I note that if by the removal of the words "other than by maintenance" ~~and the~~ deletion in another section ~~of~~ the term "maintenance" that if maintenance is paid pursuant to a court order ~~by~~ a person to their spouse that ~~the~~ maintenance now becomes taxable in ~~the~~ hands of the payer. I am asking the Government whether it believes that this is a sensible policy to pursue. In my view it now becomes not deductible by the payer. That is what ~~happens because~~ it has been deleted ~~from~~ the assessable income and it is taken out of this one ~~as~~ well. That is the point I am making.

Mr. CHAIRMAN: The question is that clause **5**...

Hon. H. B. St. JOHN: I will have to talk on that, Sir. It is an important point. If pursuant to a court order a man has to pay his wife money and still has to pay tax the sanction for breaking of ~~the~~ court order for not paying the money is going to jail. I submit that the tax law in Barbados should take into account that once it is a court order it should be treated, as far as the payer is concerned, ~~as~~ a legitimate exemption for him because the receipt in the hands of the payee should be income for the payee. That is very legitimate because the payee is getting the money and should have to pay the **tax**. The most that you can say is that the payer will have to deduct, by way of withholding tax, some amount of money. That is the highest form of obligation you can put on ~~the~~ payer. I have seen some jurisdictions that have that, they say before you pay it out you have to deduct a proportionate part of the **tax** - 10 per cent or **12** per cent or whatever it is. But to suggest that the payer is ~~the~~ person who still has to pay income **tax** on the money, despite the fact that he had to pay it pursuant to an obligation, not a voluntary obligation at all... As a matter of fact where the relationship reaches that stage there is nothing voluntary. The hardest money to pay out, ~~as~~ I understand it, I have never been in that position, the hardest money to pay out is the money that

the judge awards. That is judging from my experience. I have had clients describe it to me, **that** that is the hardest money to pay out. If it were not for the sanction of jail, many people would not pay it.

Hon. B. M. **TAITT**: Let us discuss the logic of that, Sir, if a man is living peacefully with his wife, has no dispute, and is giving her **\$200** a month, he pays taxes on that. If they have a dispute and she goes to court and the court says you have to pay only **\$100** a month the logic of what the Honourable Member is saying is that the fellow who has to pay **\$100** will get it **off the** taxes but the fellow who pays **\$200** would not get it off the taxes. So the moral would be that the best way to get your **tax** situation straight is to **beat** your wife once a week and let her put you in court and therefore you would not have to pay on it.

Hon. H. B. St. **JOHN**: Two practical answers, if you are living happily with your wife presumably you get services for the payment of the money. If you are not, the point is, that money is not becoming income in the hands of the wife for the purpose of taxation. If you are living with your wife, the income that a man gives his wife is not income for the purpose of taxation. Whereas where there is a separation, a court order, it is maintenance. It is done by a court order. We are not talking about anything voluntary, we are talking about a court order. It is a financial obligation with sanctions which is in the same position **as** property. That order of the court amounts to property and if you do not pay it, the sanction is going to jail and that is the position.

Hon. P. M. **GREAVES**: Mr. Chairman, I don't know why this sanction of going to jail is introduced in this particular matter here because the Honourable Member would very well know, during practice, that there are cases in the family life of individuals where a husband and wife are not living together and the husband is still paying the wife outside of any Court Order. He is not getting any services but he is still paying. He does not get any credit for that in terms of allowances in income **tax**. That happens all of the time. The individual decides that we have an amicable agreement where I will pay you "X" number of dollars and that is not deductible.

4.25 p.m.

Clause 5 was called and passed.

Clause 6 as amended was called.

Rt. Hon. L. E. SANDIFORD: Sir, I beg to move that Clause 6 as amended stand part.

Hon. P. M. **GREAVES**: I second the motion, Sir.

Mr. H. **deB. FORDE**: Sir, I am making the point in relation to losses of the situation in which a person makes a covenant either to a benevolent organisation or to a

person who is a minor, as is being allowed by later sections, and that you are not allowed for the purpose of this section to deduct that where your income may be a loss for a year. I am saying, Sir, that is fundamentally wrong and illogical. If you have the loss, you have already covenanted as allowed and in some years obviously you may make a profit and become taxable. But where there is a loss and you are allowed to carry forward that loss, I respectfully submit that you should still be allowed the deductibility of your covenant. That is not happening by this section even **as** amended, Sir, except for Sections 24 (a), **24 (b) and 24 (c)** which deal with the registered **retirement** plan and others. The amendment carries those same ones of Sections 24 (a), (b), and (c). I have raised the matter and Government can look at it. It might need some time to look at it with its people in the Income Tax Department as well as others. Section 24 (c), as you see, would come later. That deals with payment to dependent relatives.

Sir, let me give you the position. I covenant to give a relative of mine or a dependent child who is physically or mentally handicapped **\$100**. I **am** allowed to deduct that **\$100**, assuming that it is 5 per cent of my income in a year from my assessable income. There **may** come a year where I suffer a loss but I still have to **take** that step. Now I **am** not entitled to include it in the losses to be carried forward.

Aside.

Mr. H. **deB. FORDE**: Well, the Honourable Member may say that it is **not** up front but the point is that it is allowed. **What** I suggest is **that** if you take a man when he makes a profit and taxes him to the hilt, then you should also take it when he has a loss and give him the benefit of the loss.

Hon. B. M. **TAITT**: As I understand it, if you are in fact covenanting, then that is no longer part of the deductible **allowance**. That is given up **front**. It no longer appears **as** part of the deductible allowances. All right, so that this should not prevent a problem in the scenario painted by the Honourable Member, because whether you **make** a profit or loss that covenant has to be given and it is going to be a deductible allowance. That is my understanding of it.

Hon. H. B. St. **JOHN**: Sir, is it the intention of the Government that money that is covenanted in order to determine the quantum of the amount from the point of view of the percentage of the assessable income that losses have to be taken off of the income so as to reduce the amount of your assessable to be **able** to reduce the amount that the 5 per cent **will** be able to be deducted? Is that the intention? I thought so too. I do not know, Sir. In any event, it is still a valid point that, if a person has

assessable income of \$1 000, 5 per cent of that is \$50.00. If one ~~has~~ a loss of \$40.00 that one must take off the loss of the \$40.00 ~~first~~ from the \$1 000 and then determine the 5 per cent which is the maximum limit. Is that the intention? That is my interpretation of it. I do not know if that is the right interpretation. In other words, the losses go to reduce the assessable income before you take off the covenant. That is my understanding of it but I am not sure. Your point is taken because you still have got to pay the amount.

Clause 6 as amended was called and passed.

Clause 7 was called.

Rt. Hon. L. E. SANDIFORD: Sir, I beg to move that Clause 7 stand part.

Hon. P. M. GREAVES: I beg to second that, Sir.

Hon. H. B. St. JOHN: Mr. Chairman, this is the one dealing with registered retirement plan contributions. I wonder if the **Government** is not thinking here that with respect to the Registered Retirement Plan contributions you are allowing the deductions, as I understand it, to change. This is not one of the itemised deductions that the **Government** is abolishing. It retains the existing contributions, but two things I would like to point out here. One is ~~that~~ the Government is still **maintaining** the amount of \$1 500 clearly in the context of the **inflation** which has taken place since that amount was fixed. It could have been looked at. The \$1 500 has been there for many, many years.

Aside.

Hon. H. B. St. JOHN: It is \$1 500 and ~~that~~ is the maximum amount that can be deducted. The intention here is to limit the employer to a specific amount. I wonder if there are any trade unionists in this House. I mean the practising ones. But surely this runs counter to most of the agreements that are being negotiated or have been negotiated. My understanding of it is that one of the employee-employer relationships is that they try to ensure that in what is called a company plan that the employee pays as little as possible and the employer pays a greater **proportion**. It is true that many pension plans have now been integrated with the National Insurance Scheme. We have a national scheme and a private pension plan which tend to deal with that tranche of income which is above the amount that is insurable for pension purposes and National Insurance. That is why I am suggesting that when you look at it in the context of what is reality in Barbados that these limitations are too small now. It should be in the interest of the Government and all of us in Barbados to encourage - I keep making this point, Sir - it ought to be in the interest of everybody in Barbados to encourage people to have a maximum income when they reach retirement age.
4.35 p.m.

I want to point out something, Sir. Hitherto, before the rush of blood in 1986, Barbados' **tax** scheme was predicated on the assumption that when you are building up your pension scheme you did not pay **tax**, but when you received the pension you paid tax on the pension. Along came the Democratic **Labour** Party and their philosophy at ~~that~~ time was that both at the time of building up **and** at the time of receipt you were not to pay any tax. Now we have a hybrid situation, because in seeking to delimit the amount that you can **deduct** by restricting it to a very small amount, so that when you are building up you can only build up a very small pension, and at the same time when you come to receive it you must pay tax, provided of course that the pension comes to more than the age allowance of \$20 000 or whatever it is that has now been **granted**.

It seems to me that now you are deciding in your mind that you are going to **tax** the end result at the **time** of receipt, you should try here clearly and make sure that you allow people to build up, by way of **tax** deduction, a greater pension and you should certainly not penalise the situation where trade **unions** are able successfully to persuade employers as part of their terms and **conditions** of employment to pay a greater proportion of the contributions than the employees.

This is a **question** now of bringing in an amendment to correct the situation that was created.

Rt. Hon. L. E. SANDIFORD: Can I just briefly say, Mr. Chairman, that unlike ~~that~~ side we listen to the points ~~that~~ are made. We do not believe we have all the answers to all the questions and we listen inside the House of Assembly and outside the House of Assembly. That is why we provide such good governance for the country.

I would like to make the point that we do not believe that this is the reform to end all reforms, because the reform of the **tax** system in Barbados, direct or indirect, will be a **continuing** exercise. We are laying the basis **for** the sweeping reforms we have introduced, but the experience of operating the Act may show up **areas** in which there may be need for further amendment. The very Act we are seeking to amend now I believe dates back to 1968, and up to this present time there are arguments between those who do what they call **tax** planning and the Commissioner of Inland Revenue over interpretations under that legislation. So there are issues that will continue, and I think it would be wrong to believe that there might not be amendments suggested, needed or **required** in order to make even better what we are putting on the Statute Book now.

We have listened to the point the Honourable Member for Christ Church South has made and we will take that **into** account. If there is merit in the suggestion,

we will not hesitate to take the measures to bring **about** a correction. **That** is the most I can say at this stage.

The question that clause 7 stand part was put and resolved in the affirmative without division.

Clause 8 was called.

Rt. Hon. L. E. **SANDIFORD**: Mr. Chairman, I beg to move that clause 8 stand part.

Hon. P. M. **GREAVES**: I beg to second that, Sir.

Mr. H. **deB. FORDE**: Sir, the effect of this section is to **make NIS** payable by employees or by self-employed persons non-deductible. It now amends section 30 in order to delete paragraph (a) of subsection (1). **Paragraph (1)(a)** says this:

"In calculating the taxable income of a person for an income year, there shall, subject to subsection (4), be deducted from the assessable income of that person the amounts contributed by that person on his own behalf by deduction from emoluments, or otherwise, in the **case** of an employed person;"

The effect of that is to say that if the self-employed person pays his National Insurance contribution, or an employee makes a contribution to his own National Insurance, they are no longer deductible. It leaves in (b):

"but the amounts contributed by that person on behalf of his employees, in the case of an employer, continues to be deductible."

Why the difference? Am I being told that everybody then is going to have to form a company to employ themselves and you can get your **NIS** deductible in those circumstances, but if, however, you are a self-employed person and you are paying it towards your retirement at 65, you cannot get it deductible? When you come out and your income is in excess of \$20 000, you must pay tax on it if it comes to you by way of a retirement plan. It seems to me that **that** is basically wrong. There are categories of persons who are self-employed persons and I am suggesting that it is basically wrong. There is no real, proper, social philosophy why this should not continue as a deduction, particularly as the Government has reduced the tax deductible for everybody to \$13 000. That is the first point.

Secondly, it is now bringing pensions and making them fully payable, except for the \$20 000 allowable to those people who are over 60, I believe, and it seems to me basically wrong to be double taxing particularly in the Social Security system, particularly self-employed persons, and I am really very concerned that you continue to get this as a deductible.

Hon. B. M. **TAITT**: Mr. Chairman, Sir, my recollection of this matter is **that** when the totality of the effect of this is looked at, it is found that there is no harm done in the situation. Here is the position. Normally a person had included in the \$15 000 the National Insurance payment. The National Insurance payment was a deduction but it was found that in almost all of the cases the National Insurance, together with the allowance—given to the individual of \$4 500 or \$7 500 as the case may be for a married person whose wife is not working, that the National Insurance, plus the allowances, plus those other things did **not** add up to the \$15 000, and so you did not get both \$15 000 and National Insurance, it was included in the numbers that came up to \$15 000.

Although the National Insurance now appears not to be a deductible, which it is not, it is still taking account of in arriving at the \$13 000 allowance. So that the National Insurance is in fact included in the total of \$13 000. Originally, National Insurance for a person, let us say, was \$2 000 a year or \$1 500. That was included with the \$4 500 plus other deductibles which in very few cases brought it up to over \$15 000 but in the majority of cases less than \$15 000. Now that it has been equated, it has been demonstrated by the Department that it does not come up to and therefore it is not an imposition. I am answering the point about the double taxation. It is not double accounting. It just forms part of the numbers of items that were called deductible, but it makes no real difference in the actual contribution which a person has to make to the national coffer.

4.45 p.m.

Hon. H. B. **St. JOHN**: Now, Sir, here again the Government does not seem to appreciate that if you are going to tax the receipts at the time of pension that it is almost tantamount to immorality for you at the same **time** to tax when you are building up the pension. You are not allowing a deduction when you are contributing to the National Insurance Scheme, but when the National Insurance Scheme starts to flow the Government is saying it is going to **tax** it and when it taxes it, then, it would have taxed it twice.

Now, Sir, this is a very serious point because everybody who has studied the tax **reform** movement in the United States will remember that in the 1986 Bill there was a tremendous difficulty in this area and in the end even President Reagan had to concede that the retirement provisions, what they called the backloading of the tax concessions to build up retirement, for this same reason, had to be conceded.

Now Sir, the Honourable Member mentioned that the \$15 000 is enough to cover all of this in the vast majority of cases. The first thing we have to remember is that \$15 000 is being reduced to \$13 000. That \$15 000

has to cover a lot of things because it has now to cover all the mortgage interests. A lot of the other itemised deductions are all subsumed within this \$13 000. Remember also that **periodically** the **tranche** of income that is subject to national insurance deductions for self-employed people is increasing. It is now \$2 700 a month. It is about \$32 000. You see the figure all **the** time being bandied about in the report. **That** is the norm, and it will soon go up to \$37 000. **So** you **are** telling me now that I cannot take that off.

This \$13 000 **that** you have reduced, to is now expected to take care of the mortgage interest. So a reasonable person would have a mortgage even if he has to pay \$1 200 a month. If a person has a mortgage of \$1 000 a month and you have now taken away the mortgage interest deductions, **that** is \$12 000 in loan and you only have \$1 000 left. You have \$4 000 per man, that is \$16 000, then you have your national insurance. 'At the **time** when the investigation was done, in our time in 1986, it was regarded as \$1 000 a month, \$12 000 a year was a reasonable cap.

Asides.

Hon. H. B. St. JOHN: That would cover a mortgage. Nowadays \$1 000 a month will not carry you anywhere. If you have \$100 000 mortgage under the interest rate regime of the Honourable Member who doesn't even know that you don't even begin to start talking about anything, it is \$15 000.

Sir, I want to get deeper **into** this, but I don't think the Government is fully understanding the full implication of their own policy in this **area**. The Government **has** just removed the ceiling on the amount of interest that **can** be chargeable by a financial institution or anybody in respect of a mortgage secured by real estate. **There** are no longer any restrictions on the amount of interest that **can** be charged in Barbados on real estate mortgages. It used to be tied to a specific amount. It used to go between 8% - 10% but that is all removed so mortgage interest rates will go up. There is no question about that.

For years **the** banks have **been trying** to say that the mortgage interest rates are subsidised by the commercial interest rates. When you think that \$13 000 is this big allowance, if you have a mortgage... We **must** aim to encourage everybody in Barbados to have their own house. The Government has decided it is not building any more houses in Barbados. It has decided that as a matter of policy.

The other point is this and it is really serious. We are going to find ourselves in a very serious position in this country in which people are not going to be given any kind of incentive to do any kind of savings to provide for

themselves. You are taking out the credit union deductions, you are taking out the mortgage interest deductions, you now want to take out the national insurance deductions and then you reduce the \$15 000 to \$13 000. The only other possibility, as I understand it, to increase that \$13 000 is if you have a child or a dependant relative, but why take it out here?

Mr. CHAIRMAN: The Member has 2 minutes.

Hon. R. B. St. JOHN: P will come back, Sir.

Hon. B. M. TAITT: Mr. Chairman, Sir, one of the things which everybody should do is to get an income tax form. It is true that people don't like to see them and so there are not a lot of people who are familiar with them. If you take an income tax form, **all** of these allowances which people have been talking about can be found on Schedule B. Schedule B includes medical expenses, National Insurance contributions, Provident and pension fund contributions, Widows and Children fund, **payments** under covenant, alimony, gardener and household help, 50% of house insurance, interests, repairs through improvements, prescribed improvements such as solar water heating, rent paid for a dwelling house, savings with a cooperative society, subscriptions to a registered trade union or statutory association with a maximum of \$240 or, if you **are** a parliamentarian, a **maximum** of 10% of salary or \$5 000 whichever is **the** lesser, new shares in a private company.

The point I made earlier today is that, except for about 3 206 persons, **all** of those added up together for the persons who returned income **tax** ever since we have had income **tax**, certainly since 1986 when the \$15 000 was in vogue, when you turn to the front of the income **tax** returns where you put in the amount for filing status 1, 2, or 3 above, claim \$4 500 etc., then Schedule D, when you add the filing status of \$4 500 and Schedule B, 87% of the people who file income tax returns have to take the \$15 000 because they cannot add it up. It does not come up to \$15 000 including the National Insurance.

The point the Honourable Member **made** about interest payments. Except in those **cases** where there has been a relatively small down payment and the interest is front loaded in the first 4 years or so of **the** repayment there is hardly anyone who has a mortgage payment of \$1 000 a month. Certainly not the bulk of the people. Some of the Honourable Members in here might have that problem with the size of their houses or their mortgage but the chances are that most persons have a mortgage repayment over a 12-month period of \$8 000 or less.

Asides.

Hon. B. M. TAITT: This is the information that is available and the point is that unless these

things **are** examined in detail and in the **reality** you can be lulled into a sense... I had **the** same views as the Honourable Member when I heard about these things and it was only when one was forced **to** come to detailed **examination** of them and when one got the information. After all, Sir, if you can't accept the information which is given **to** you by a department as efficient as the Income Tax Department then we might as well shut **down** the whole place. Therefore when one gets information which clearly demonstrates that the fears which one might have had **are** not really **justified, based** on the evidence which has come in, then one has **to** go along with the programme and accept that these **are** not really impositions and that, in fact, if I may be brutal, that many of these so called allowances, were really fictitious. They were not fictitious in the sense that they were given but the **real** effect of them was a fiction. Many people were believing that they were getting something. Sir, for persons like us, who have income in excess of **\$75 000** or in excess of **\$70 000**, you have **to** stretch and strain **to** get past **\$15 000** for deductions. Anyone who fills in income **taxes** know that you have **to** stretch, you have **to** go over it **5 times** and try and remember all of the moneys that you paid for the rent house at such and such a place and you have **to** go through some real twists and turns **to** get past **\$15 000**. So I don't know that we ought to try **to** wait on the **emotional** aspect of, we are not paying house allowance. **On the \$13 000 it has** been demonstrated that **the \$15 000** now, as I said earlier, includes payments, and I still have the figures here.. The person whose assessable income is **\$13 000** will have a minimum deduction of **\$15 000** so their taxable income is zero, the **tax** payable is zero but the stabilisation **tax** is **\$195**, the levies payable **\$618**, the **total** deductions **are \$813** plus the National Insurance deductions of **\$1 008** which would all be on Schedule B and this would come to **\$1 820** for the year. Now next year with a taxable income of **\$13 000**, the **minimum** deduction would be **\$13 000** but the levies payable would be **\$325** as opposed **to \$618** and the **total** deductions would be **\$325** as opposed **to \$813** because there is no stabilisation **tax** so the National Insurance deduction remain the same at **\$1 008**. So instead of a **total** contribution of **\$1 820** that person would be paying **\$1 333** in 1993.

4.55 p.m.

In 1994 with an assessable income of **\$13 000**, the minimum deduction is **\$13 000**, the taxable income is zero, the **tax** payable is zero, the stabilisation **tax** is **zero** and the levies payable are reduced **from \$325 to \$130** and so the **total** deduction is **\$130**, so the **total** contribution, including national insurance will be **\$1 138** as opposed to **\$1 820** in 1992.

Now, Sir, when once you are confronted with this stark information you have, if you are a rational person, to go along with the information and conclude that none of the things which are being suggested is valid. If you accept the schedule B and you go down them... I belong to a

credit union, Sir. I have the maximum amount that you can get in the credit union and when I come **to** fill in **the** thing at the end of the year, I am only able to put in **\$1 000**, because they have a maximum on it I have so much life insurance that I used **to** tell my wife I was worth more dead than alive. Everybody knows that Whenever you add up it is **\$1 825** by whichever form you use and if you have a lot of children when you come down **to it** and you see how much money you can get for medical insurance it is just over **\$200**. It really is a myth and all it does is stretch you out and stress you out and cause you **to** get heart attack and **all kinds** of things. Come the end of the **year**, you can't get **to \$15 000** all you do.

What it will mean, and this is the question that has to be answered, is that people should have more money in their pockets according to this. If I **am** wrong, next year I will discuss with the Honourable Member why I was wrong.

Hon. H. B. St. **JOHN**: The Honourable Member started off by saying that there was an allowance of **\$4 500** for a single person. An **allowance** for the national insurance and all the other allowances and it has been proven that only **3 206** people have allowances in excess of **\$15 000** so therefore that **\$15 000** would cover all of the deductions that we **are** asking for.

I have **2** things to point out. First of all, and I **keep** repeating it, that **\$15 000** is now down to **\$13 000** and I **defy** the Honourable Member **to** give me the figure of the difference between the **\$15 000 to \$13 000** and **to** tell me whether additional persons are not going to exceed the **\$13 000**. You must give me that figure because I know that figure can only be an estimate. You can't have it there. I **am** operating on the position that today, with the increase in national insurance which the **tax** reform proposals themselves contemplate, they have recommended specifically that there is **to** be an increase in the insurance contributions. The object of reducing the **tax** allowance from **\$15 000 to \$13 000** was **to** broaden the **tax** base. That must **mean** something. It was to broaden the **tax** base. It was **to** bring within the **tax** net a larger number of people. That is what it said. That is exactly the object, that is the meaning of broadening the **tax** base and we pointed out that between **\$13 000 and \$15 000** that the **\$13 000 has to** take into account the **vital** matter of the mortgage interest deduction. That is an important point so that I go back to the position that when I listen and I hear of **\$4 500** and in any event that **\$4 500**, long ago, should have been increased. Then you take out the amount for national insurance. You take the amount for the mortgage, I am saying more people are going to be over the **\$13 000** and they are going **to** feel the impact of having to pay tax on income which they have to disburse, because you are dealing with a dearth.

I would like the Honourable Member to tell me how many people there are in Barbados who have more than **\$13 000** deductions but less than **\$15 000**. It is certainly going to be more than the **3 206** people. It has got to be more than **3 206**, and this does not take into account the fact that we are living in a period of time in which... It has got to be more. We have done our job. We have brought it to your attention, Sir. We are going to lick this from now until doomsday because the Honourable Member does not have the figures.

Hon. B. M. TAITT: So that we can get some better perspective we gave them someone whose present income was **\$13 000**. Let us take someone whose present income is **\$50 000**.

Aside.

Hon. B. M. TAITT: I will give you that, but let me give some information now. Let us take someone whose assessable income is **\$50 000**. At the present time such a person has minimum deductions of **\$23 000** and they have taxable income of **\$27 000** with tax payable of **\$6 800**. That person pays a stabilisation tax of **\$1 625**. They pay levies of **\$1 767**. So they have total deductions of **\$10 192**. They have National Insurance of **\$2 883** so their total contributions to the body politic is **\$13 075**. Now that person and the people in that category are among the ones who will have an increased payment in 1993. They go from **\$13 075** to **\$14 983**. But by 1994 the person has reduced again to **\$14 425**. A person who is making **\$70 000** right now pays a total contribution to the body politic of **\$21 125**. They will now pay **\$22 983** in 1993 and they will pay **\$22 425** in 1994. So it reduces by 1994.
5.05 p.m.

Sir, I think the Honourable Member for St. John made the point in the debate. There are a few persons who have assessable income in the vicinity of **\$50 000** to **\$60 000** who might have a small increase. Sir, let us take those with an assessable income of **\$37 200**. A person whose assessable income is **\$37 200** currently pays a total contribution including National Insurance of **\$9 123** and it is broken down as follows, Sir. The minimum deductions will be **\$13** thousand because that is the level. That answers the question of moving from **\$15 000** to **\$13 000**.

Aside.

Hon. B. M. TAITT: How many additional people are moving? I do not know how the Honourable Member would expect me to tell him that. What I will say is that the number of people cannot be more than **3 206**.

Aside.

Hon. B. M. TAITT: Yes, but those persons who are coming in who will be earning **\$13 000** would fall into the

category that we just described. If they earn **\$13 001**, then they move into the category where you can almost calculate because their income tax amount is going to be 25 per cent. It is a quarter of whatever they earn over **\$13 000** is what they are going to pay in taxes roughly. That is all.

Hon. C. V. WALKER: Sir, I want to make one small reference to comments made by the Honourable Member for Christ Church South and the Honourable Member for Christ Church West. The fact that they are asking for information and statistics for those who would have transferred **\$13 000** from pages 2 or 3 in Schedule B over to page 1 cannot be available because if you got to **\$13 000** it made no difference, so it was not transferable. You could only have information of **\$15 000** and above because that was what was transferred. Thank you very much.

Hon. H. B. St. JOHN: Is the Honourable Member for St. George North telling this House that the Government has no idea of what impact the dropping of the **\$15 000** to **\$13 000** will have on the tax revenue?

Hon. C. V. WALKER: On a point of order, Mr. Chairman. I have never used the term "impact". I said what the facts are, not impact.

Hon. H. B. St. JOHN: I now understand why the Government is not telling how much these tax measures are going to raise. Obviously, they have not done their investigations or, if they had done, the results are so alarming that they do not want to tell us. The point is the Report itself stated that the way to make up for relieving the rich people of some of their tax by reducing the rate from 50 per cent to 40 per cent was to broaden the tax base by reducing the total allowances that one could claim from **\$15 000** to **\$13 000** and by taking out what they call the itemised deductions. Therefore, somebody must know. There must be some information.

Aside.

Hon. H. B. St. JOHN: I do not know. It could be informed anticipation, but the point that the Opposition is making is this. At that level, having regard to the totality of what you have done, you should not deprive a person of the benefit they now have of getting as a deduction from their tax the amount of a self-employed person. Sir, I am going further on this because what you are doing here is discriminating against self-employed people. That is what you are doing because you just said that an employed person can have a deduction. What are you telling me now? All of this talk about trying to encourage people to be self employed you are now going to say that you will penalise them for being a self-employed person. We are going to penalise you because you should be an employee. If you are an employee, you will be able to get off

some of your salary that you pay to your employee's pension plan. This thing **wreaks** with injustice. It is discriminatory.

Aside.

Hon. H. B. St. JOHN: You do not follow me. If you are an employee, you can get off that part of your salary that you agree to contribute to a pension plan. But if you **are** a self-employed person you cannot get it off. Are you telling me that is not discrimination? You go along.

Mr. H. **deB.** FORDE: Sir, I really have to revert to the point and follow up on the point that the Honourable Member made. In **1986**, the Democratic Labour Party in Opposition argued that the minimum amount that any person should have is **\$15 000** before **tax**. Let us get that. Now we have had inflation since then. So if there has been inflation since then and the principle of indexing for inflation is accepted, then we will assume that that **\$15 000** should not be decreased but increased to get the minimum amount. I am arguing this matter logically. We must assume as well that if the Democratic Labour Party, as it said, went into retreat and had this host of advisers and computers that it would have known the number of people between the **tax** bracket of **\$10 000** then and **\$13 000** and **\$15 000** now.

I cannot accept from these members that they do not have the information or that the **tax** people do not have the information. Because prior to **1986** there must be some historical information of the number of people who were in the **tax** bracket between **\$13 000** and **\$15 000**. I argue very strongly that the Government has now raked in a lot of people for **tax** and it is getting the position that people are better off, whereas **the** poor people on their criteria in **1986** who could not take the **tax are** now coming into the **tax** bracket. That includes the self-employed. Well, you said a poor person who has **\$13 000**. In **1986** according to the very Honourable Member who speaks with the smoothness, the Honourable Member must know that this is so. The Government must not accept every bit of advice that is thrown at it by the International Monetary Fund and other people.

Sir, we want to make this point. It seems that to do the **repeal** to Section **30** in the way that the Government is doing it by Section 8 of this Bill it does not show proper consideration of policy. You have accepted all sorts of things. If you maintain the law as it is, could the Government tell us what is the **tax** loss that it will suffer? Are we in here to vote for something without the Government saying "if we do not repeal this section then we are losing \$X thousand or whatever it is, and let us look at the beneficial effect which it has. Do you know what the Government is going to do? Instead of your believing that you are going to be able to bring self-employed persons into the net, they are going to find

every device, both legal and extra legal, of getting back what you are taking from them in this way, and that is not what **tax** reform is about. Tax reform must never leave people with the view that the system is so loaded against them that they have to turn their backs on the system.

5.15 p.m.

Aside.

Mr. H. **deB.** FORDE: It cannot be **tax** reform. The Honourable Member knows this, Sir. Do you know the first bit of advice you are going to give to people? Get a company. Everybody is going to get a company and hire themselves. If the IMF people believe that by saying to you that if you bring the **tax** down to 40% you are going to solve **all** the problems, no way. There are already a lot of **tax** planners who are going to tell you how to get a coach through many of these privileges. I am not going to say what they are, because nobody is paying me for it. I believe that there is not enough justice in some of these matters and I think the Government is hitting the people between **13** and **15** very, very hard. They are not telling us how much more revenue they are going to get from it, not pricing as we go along these sections to say **what** is the **tax** loss, what is the **tax** gain, and asking me in Committee of this House to vote for these proposals willy nilly, Sir. I cannot accept that.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I should just like to point out that we are not in a position to give information that is not currently available to us. We **are** not making any pretensions about that, no matter how often you ask the question. The proposals **are** revenue neutral. That is all we have said. We keep saying that and we will repeat it. Until I get that information you are asking for, I cannot give it to you. I have not received it myself and I, like the Honourable Member for Christ Church West claims, am very patent and honest in these matters.

Aside.

Rt. Hon. L. E. SANDIFORD: You have that report and that is information to you.

Aside.

Rt. Hon. L. E. SANDIFORD: That is your problem if you want to find that out. When I get the information, you of all people would know that I will let you know, because we belong to a club that understands these matters.

Aside.

Rt. Hon. L. E. SANDIFORD: I think, Sir, though that we need not be making Second Reading speeches here, we are not hitting anybody. If you give on the one hand, you have to take on the other hand in order to get the neutrality we are **talking** about. There is no point in saying

that something is reduced from **\$15 000** to **\$13 000** and you do not at the same time say that taxpayers **are** relieved of certain imposts they had to pay before. You have to take everything into account, it is give and take, and this must be understood. This has been the problem in this country whenever we come to talk about revenue and expenditure, because everybody wants the Government to give up revenue but wishes the Government at the same time to spend more money. At the same time we have to get our fiscal position correct, and we just cannot at this time keep giving up and giving up when we have commitments that are increasing.

Our responsibility now as legislators is to **strike** that balance that needs to be **struck**. That is what we are doing by these measures. I have already given the House the assurance, and I repeat it, that if in the exercise and in the implementation of these measures it is demonstrated that there are undue hardships being created, we will look at those. That is what a Government with a conscience does and that is what we have been doing **all** along. I give the House **the** assurance that we will keep this matter under review and that when amendments are indicated and we can **see** our way to do it, we will introduce those amendments. That can only be fair, Sir, and we are a fair Government.

Hon. H. B. St. JOHN: I just want to make it clear, Sir, that I find it strange to accept the proposition that this **tax** reform exercise is not informed by an intelligent estimate as to the impact of each **and** every measure of change. That is most unusual. It would be most unusual in the Ministry of Finance for predictions not to be made as to the revenue effect of a particular form of change. I know of course it is quite possible that some people can pull them out of a hat, but I am not talking about pulling anything out of a hat, I am talking about the combination of information that the Data Processing Service in Barbados has, the Inland Revenue Department and the analysis. I cannot accept that it is possible that these reforms can be agreed to and there is not anywhere a suggestion or an estimate as to the impact in **total** and the impact of the component of each individual one.

The question that Clause 8 stand part was put and resolved in the affirmative without division.

Clause 9 was called.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that Clause 9 stand part.

Hon. P. M. GREAVES: I beg to second that, Sir.

Mr. H. deB. FORDE: Mr. Chairman, the effect of Clause 9 is to remove deductions and allowances in

relation to a whole host of matters. Life insurance premiums, annual payments, except that there is another provision which restores a limited amount of that, maintenance, medical expenses, contributions to trade unions, contributions to registered retirement plans, except once again that is dealt with differently, contributions to co-operative societies, deductions in respect of new shares, home insurance, mortgage interest payments and rent allowance, deductions respecting shares in private companies. I believe that this raises some fundamental issues of philosophy and ideology.

Aside.

Mr. H. deB. FORDE: It is not a Second Reading speech, I am speaking on the effect of this. I believe that anybody who is a democratic socialist will **find** some of these provisions obnoxious. Let us take the contributions to co-operative societies and let us take the persons who **are** in the categories of earned income from **\$13 000** to **\$15 000** a year, of whom the Honourable Member represents a large number – and I am talking for his constituents, I have to speak on behalf of his constituents now. I have a large number of them too in Dayrells Road, some in Lynch Gap whom the Right Honourable Member formerly represented. He has a large number in King's Village and they say the best time they were looked after was when I took over from him. He has now got them back but they are still coming to me for me to look after them – but a person earning between **\$13 000** to **\$15 000** a year, or even up to **\$20 000**, is not really earning a lot of money in Barbados today in terms **of** needs. Let us look at the position quite carefully, **the** category of person who is subscribing to a co-op and a credit union and doing it because in many respects it is their only avenue for getting somewhere. I am suggesting that the Government, at least as a way of encouragement, should not really have withdrawn this deduction and allowance. I would give it to them.

5.25 p.m.

If it were not in the existing legislation, Sir, withal the **\$13 000**, I would be the happiest man to go down in history as a person who made this type of proposal in order to encourage the co-operative movement to develop. When we brought the changes for the trade unions likewise it was because all of us were dedicated at that time – I thought so – to the concept of trade unionism and helping the trade union movement. I know the Government had the "Duke of York" marching his 20 000 people up and down the hill and marching. I noticed that the good old "Duke of York" was marching up and down the road and when they were up, they were down and when they were down, they were up, and they were neither up nor down.

Asides.

Mr. H. deB. FORDE: ...The Honourable Members at the back from the Democratic Labour Party, until they got the intervention of the Honourable Member for St. Lucy who pulled rank and decided that they had to stop marching.

The point is that if one seriously believes in the **trade** union movement, the Government, even if you call it symbolism, surely should lead. I am going to deal with the saying that you cannot get a deduction for contribution to a political party. I am not going to take up the committee's time a lot with this subject because I am in the process of writing an article. I hope to get it published in one of the international journals on the funding of political parties in the Caribbean. There is a very serious point here for me, Sir.

Political parties in the Caribbean depend in the last resort on their grass roots people who should keep them in being. We must be deeply conscious that every time you are getting certain people making contributions to both parties they are looking for payoffs. Let's be **serious**. The Honourable Member will probably admit this to me outside of the political divide, but I am very concerned after almost 21 years in Parliament and a bit longer in political life, from the time I started speaking on platforms and writing to journals like the two Honourable Members who every Friday worked with me and used to write – the Honourable Member knows we used to write in favour of **Errol** Barrow.

We must know, Sir, that political parties are in danger of being seriously undermined in their mission by having to wait for political funding coming to them from people at election time who play the parties one against the other. I have grave doubts in seeing the political parties in Barbados having to depend on some of the people who finance them at election time or other wise. I am talking about both the major parties. In fact, the **so-called** third party which last time raided the contribution funders of the Democratic Labour Party...

I **believe** that we must in Barbados at a very high level look at the issue of some state funding for political parties if we are now going to take away the right of people legitimately to make a contribution to their party as a deductible. In many countries, the United States and elsewhere, people are encouraged to make their contribution by way of deductibility in order that they are seen up front and people are not frightened to join a political party. My party has suffered tremendously from having people allege that we were being financed by **A, B** and **C**. They didn't believe it and they know it is not true but we have had to take that.

I don't believe that in political life these days we need that sort of divide. I believe that we should encourage

people to join whatever party they honestly believe in and contribute to that **party** in a meaningful way – not everything that they give they **will** get deductible – a reasonable amount so that we would get political parties properly established. It is the life blood of democracy. I **am** not going to develop the point further, but I am writing an article – and when it is finished I shall send copies to all Members of **this** House – on the funding of political parties in the Commonwealth, in particular, and in the Eastern Caribbean. I am going to get it published. I have done a lot of research on the matter, and I feel it is a retrograde step that we are now withdrawing the **deductibility**, even symbolically, that people have in relation to their trade unions, a bastion of democracy for our country, and the cooperative societies which help us in many ways to move people who **are** outside the realm of property-owning democracy into that realm as well as the political parties.

I think the philosophy behind this is too much for me as a democratic socialist. I find it a little bit difficult although the Honourable Members have said that I **am** otherwise, Sir. They said I am Tory to the core. Maybe I have all of the bearings of a distinguished person, but that does not make me a Tory. I have Toryism in me neither by birth nor by bent. I am basically a democratic socialist who talks about it. I am not frightened to be associated with it in my actions, and I feel things like this we should take in stride.

Although the Rt. Honourable Member said that there are not many people – and the Honourable Member for St. Michael West repeated it – who make use of the provision for shares, because the amount is so small that there is no great **tax** loss to the Government, the symbolism of the measure is important, Sir. Let us face it. I am not a person who preaches race or runs his life based on colour, but it is a fact of life in Barbados that largely the majority of people who had been kept out of the property owning classes in Barbados were poor, black people.

In many respects, the reason why this measure was brought was to encourage companies and others to give their employees some incentives to own **part** of the organisation for which they worked. I regret very much to see that we **are** reversing those symbolic moves. I don't expect anybody from the IMF to understand this. They haven't lived here, they haven't grown up here and been subject to the pressures of Barbados. Were it not for the last 50 years, Barbados would be a vastly explosive society. I don't expect them to understand this when they come to give us advice, but I do expect those of **us** who are in political life and those who advise us in political life to **find** some other way to get the revenue if we have to get the revenue whether temporarily or permanently, but not to destroy the basic symbolism and purpose in which this type of provision stands for.

I speak of it with feeling because it is part of the thing that has hurt me most, I feel very strongly about it and if the Government cannot deal with it now I would really like to get from the Prime Minister an undertaking that this Parliament, not the next Parliament, will look at the **tax** loss of it and restore it in some way. If we have to put a 1% somewhere else, let us put the $\frac{1}{2}$, but we must encourage our going down the road, because I believe that these institutions are too **important** in order to keep democracy going. It has made **all** the difference in encouraging social mobility in this community for us to have a cohesive community and one that is not explosive in the way that it was. I speak with feeling on this and I am repeating myself to some extent but I feel very deeply about it, Sir.

5.35 p.m.

Hon. C. V. WALKER: Mr. Chairman, I responded, when I made the point of order, to the Honourable Member for Christ Church South. I understood the point he was making and yes, we need that kind of information but I want to repeat that the information that he referred to in reference to \$13 000 can only be achieved after we would have completed one year's experience of utilising the \$13 000 as a base. It is in that light that I think, and as was offered by the Minister of Finance and Honourable Prime Minister that he will consider all of the options that may be available. I think, following a year's experience when that data would have been available, not only to satisfy the requirements of the Honourable Member for Christ Church South, but it would be at that time and within this Honourable House, that we may then **all** have to be able to look at **all** of the items that now appear in section B on page 3 as well as the 4 or 5 that appear on section 2 relating to dependents and insurance.

I think the Honourable Prime Minister will give the assurance, as he has already done, that in due course we will look at these things after a year's experience when that **data** would be available. Thank you.

Hon. H. B. St. JOHN: On the question of deductions from political parties I want to underscore this. I am in favour of deductions from political parties because in other countries, to promote democracy, it is a well recognised fact that the state pays part of the cost elections to those political parties that have a following of a particular percentage of the country. So I don't expect that any IMF people who come down here – many of them come from countries who don't understand democracy because they come from right wing countries. What they fail to understand is that in this little democracy we have devised our own mechanisms to effectuate some of the objectives that we think desirable for the promotion of democracy. Our methodology is different from what takes place in the other countries of the world.

It is known **that** companies make contributions to political parties. In some countries they insist that the contributions are made public. In some countries the contributions are **tax** deductible up to a certain amount. You mean to tell me that if you come in here in Parliament and we have to pay to our political party the special political **tax**, something that the public does not know ... There is no political party that has run Barbados that has not extracted from each and every Member of **Parliament** a special **tax** out of their salary. It is a levy. You have to pay it and it is **deducted** at source, deducted before you get the money. That was one of the reasons why it was done as a **tax** deduction because that was our method of saying that we want to help.

Now, if the Government is going to tell you the Government has no money, the possibility of the Government saying that it is going to underwrite part of the cost of the general election campaign is out of the question. They can't even underwrite many of the essential government services that we have now so how are they going to underwrite that?

I do not feel that we as politicians should stand here and allow anybody to come and tell us that our methodology that we sat down and devised and it was the same thing with the trade union. We have a situation in this **country** in which we have **3** unions and we sat down here and worked out that unionism was good for Barbados and we allowed a certain deduction and that is being taken out. It is the same thing with credit unions. We tried to save Barbadians from the indignity of having to go to money lenders by creating our own indigenous institutions. I have lived to see, Sir, that prior to the introduction of the **tax** law the total savings in credit unions did not exceed \$10 million. On the last count, I understand, it is worth over \$140 million.

Aside.

Hon. H. B. St. JOHN: Right, Sir, I am told the latest figure is \$168 million. Now that interest rates have been liberalised or are being removed from the shackles of Central Bank orders and restrictions of the Rate of Interest **Act**, it is to the credit unions that the people in Barbados **have** to look for a fair brake. The credit unions are going to do it. People are going to charge 20 per cent now for short term loans for household equipment. Why are we sitting down in here and agreeing because now somebody comes down here and tells us that it is not a good deduction. Why are we agreeing to that philosophy when we know that these institutions are created?

Look, Sir, this is a very serious point and I want to make it clear I was part of the regime that created this. We wanted to encourage indigenous institutions in Barbados. The Financial Intermediaries in Barbados, the Banking system in particular, of any worth, are all foreign

owned. We have the Canadian Banks, we have **Barclays** Bank, we have the National **Bank** and we have **CCB**. The CCB is a Caribbean bank.

The credit unions were developed to enter into that market to ensure that we, in Barbados, did not have a money lending class. What are we doing here now? The only money lending class that we have here is a very small class that operates among people of a particular background because they are accustomed to money lending and whatever law you pass they are going to break it and whatever law you pass they will still have money lending because that is part of their culture. So, outside of them, they are not really the mainstream of people that we are dealing with. I feel very strongly about this, Sir. I am going to remind the Government of it **all** the time because I feel it is wrong and when I look in the document to see the justification for it, there is no justification for it.

The people do not understand this. This is a matter of the utilisation of Government's power to achieve certain objectives which we regard as desirable. This could not be right, Sir. Let the Government swallow it hook, line and sinker.

Hon. B. M. **TAITT**: Mr. Chairman, I am very interested in the comments made by the two Honourable Members who has just sat down, especially as regards the concept of contributions to the political parties. Not so much for the amount of revenue which they bring in because it is clear that the revenue lost from contributions to political parties cannot be so substantial as to warrant any major shake up in the fiscal affairs of the country. There is no question that from the point of view of the message which it sends and the way how people regard our situation that those contributions should be given some serious consideration. There is no question about that.

If one examines the evolution of this concept over the last 15 years one will see that in the United States, when one is running for the Presidency the **first** requirement was that you be a millionaire. I think you are aware, Mr. chairman, for a long part of my life, I used to teach American Government and one of the truisms that was accepted is that there were only 100 persons at any given time, in the United States, who were eligible to be considered as candidates for the Presidency, and of that one hundred only a small percentage could be considered as having a possible potential of being a candidate and all of them were deemed to have their own finances. I think that **Richard** Nixon was probably the first one who was not deemed to be a *bona fide* millionaire in his own right, although it was a matter that he would soon put right.
5.45 p.m.

There evolved as part of the process of reforming the U.S. political system a method by which small

contributions could be made by the **citizenry** across the board to the political parties. In the United States, those contributions are **tax** deductible. They have always been and are now **tax** deductible. Then the United States Congress passed legislation which makes a substantial amount of money available to the person nominated by a political party to run for office and it is proportionately allocated from the Presidency through the Senate and through to the Congress and I believe even in some small hamlets where you run for dog catcher. Once you are nominated, you are entitled to some assistance in certain areas. So there can be no question that this is a concept which is well known and accepted in the United States and I believe that this is now a concept that is spreading across Europe. I am not as knowledgeable about what happens in the European Parliaments and the European elections as I am about the United States.

Sir, there is a lot to be said for the concept. The point has to be made that, as it stands now, it falls into the same category as the other deductions. There is no question that it falls within the **ambit** of what is now in Schedule B and really for it to be effective it will have to be moved into that category and put into Schedule A. There is a lot to be said for its consideration. I do not know that it is going to make that much difference to the revenue, but I am very glad that the Honourable Members have taken that point. Let us be frank. A Government may not feel in the case of the reform of the **tax** system that it could come in an environment which now exists and discuss this from the point of view of the Government. But it is heartening to hear the two senior Members of the Barbados Labour Party taking this issue on its merits. As the Honourable Member for Christ Church South said, it is not known by a large number of people in the country that the political parties in Barbados, at least the legitimate ones, have existed by and on the sustenance primarily from the contributions made by their Members of Parliament on an annual basis.

Aside.

Hon. B. M. **TAITT**: Well, I was just going to make the point that I recall being president of a political party when we were in Opposition. There is nothing quite as destructive as that because there are times when you have to **choose** between keeping your salary and paying the staff and you do not have any choice in these matters. Therefore, when politicians are subject to some of the abuse which we take for granted nowadays and some of it is quite vicious, it sometimes can be quite disheartening when you realise what **sacrifices** you have made. But one has to be very careful because the columnist will soon descend upon you if you dare to make the use of the word "sacrifice" while just supposing it with the word "politician". One will more than likely have the celebrated columnists descending upon you as though you had committed some heinous crime. The fact is

however, that those politicians who have sustained the country and its democracy over fairly long periods of life have all ended up penurious. On both sides of the divide one can point to persons who have been stalwarts in the maintenance of democracy in the country who at the end of their career and days had nothing else to point to and in some instances were in such bad shape that it would be embarrassing to discuss their plight. We have never discussed these matters in politics because there is an unspoken understanding that you do not discuss the plight of a politician who came to the normal end in **Barbados**. That normal end might include and tends to include a nice eulogy and a Resolution from the House after you have passed. But there are very few persons who have been in politics in Barbados of whom it can be said that the person left politics as a rich person, notwithstanding the feelings to the contrary that are exhibited in many places by persons who themselves are among the greatest recipients of money in the country.

One of the things that I have always found fascinating is that there are members of the public, not many but a few, who speak with passion and write with conviction about the morality that politicians should have. When you examined their own situation, you found it to be the kind of situation that could not stand up to the test of running for a seat in any one of the constituencies because within a **day** or two that person would be exposed to what he or she, mostly he, is. That is another story, Sir.

I am very glad that this question of the maintenance of democracy in the country has surfaced in this debate. It is very important that the political parties in Barbados and the Caribbean be seen for what they are and what they have been. Between the trade unions and the political parties, they **can** take the full and total responsibility for whatever emancipation has occurred in this country and in the other countries in the Caribbean. It is the political parties after the adult suffrage came to the Caribbean in the 1950's. It is the political parties that are responsible for the magnificent advances in education, health, maintenance of the environment and all of the new fangle things that have now become **part** of the utterances of a few people in the society. Even if you take the so-called third party which had to be taught its lesson because it wanted to break the conventions. That is the word that is being used these days, Sir. That political party wanted to interfere with the conventions and it wanted to give the impression that it was holier than thou. But the people of Barbados spoke to that political party with resounding results. That is another matter which is not suited for this Committee.

I would say therefore, Sir, that I have no difficulty in supporting the concept of making the contributions, meager as they are, by the citizens of the country to political parties, trade unions and other organisations worthy of deductions.

Hon. L. E. **SANDIFORD**: Mr. Chairman, I believe there is unanimity on this matter on both sides of the House and I think that we can make some progress in this particular regard. I think it is a mistake for us to import certain view points in relation to certain kinds of voluntary associations in our society. They do not have any foundations or other **kinds** of similar sources from which they *can* draw upon supplementary support apart from the subscriptions of members or any contributions they may get from other sources, **and** it is right that our arrangements should take into account **the** vital role that these bodies play in the development of our society.
5.55 p.m.

Sir, if I may take the question of political parties, the political parties are an essential **part** of the conduct of our total societal arrangements in this country and it is only fitting that just as other bodies are able, like **companies/corporations**, to get assistance in carrying out their particular functions, it is only right that those bodies, which are an integral part of our Constitution, should be able also to have certain special arrangements for them.

This argument applies generally to the co-operative societies, to registered trade unions, to statutory associations of employees and to political parties represented in Parliament. We believe that their position should be safeguarded **and** the present arrangements that they now enjoy should be maintained. I think for the time being that is what we will **seek** to do, and the Member for Christ Church West Central, the Attorney General, will move the appropriate amendment on the basis of the unanimity in this House.

Hon. M. A. **KING**: Mr. Chairman, we are on Clause 9 of the Bill, which reads as follows:

"The principal Act is amended by deleting sections **31, 34, 35, 36** to 36C and 37 to **37D**."

In relation to the matters which have been raised by Honourable Members on both sides, co-operatives and associations, those items are covered by 36B and C, so that in order to accommodate the views which have been **expressed** in this Honourable House, the amendment to 9 should therefore read:

"The principal Act is amended by deleting sections **31, 34, 35, 36, 36A** and 37 to **37D**."

I move that further consideration of Clause 9, Mr. Chairman, be postponed.

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

Clauses 10 to 12 were called and passed.

Clause 13 was called.

Rt. Hon. L. E. SANDIFORD: Mr. **Chairman**, I beg to move that Clause 13, as amended, stand part.

Hon. B. M. TAIT: In moving Clause 13, Sir, there is a further amendment which I will draw to Your Honour's attention. The Honourable Member spoke about section (d). There were some words left out, so section (d) should now read:

"in the case of an individual who, during the income year, supported his child or the child of his spouse

- (i) in respect of income year 1993, \$500, and
- (ii) in respect of income year 1994 and subsequent income years, \$1 000,

in respect of each of not more than two children...."

then after the word "children" add the following words:

"under the age of 18 years or,"

This would be the further amendment. It would now read:

"in respect of each of not more than two children under the age of 18 years or who had attained the age of 18 years but had not attained the age of 25 years at the end of the income year and was during the income year receiving full time instruction at an educational.."

and the next word should be amended to read "institution".

This would take account of the point made by the Honourable Member. **These** words had in fact been left out. This is in fact how it already is in the existing regulations.

Sir, as amended, I beg to move that Clause 13 stand part.

Hon. C. V. WALKER: I beg to second that, Sir.

Mr. H. deB. FORDE: Mr. Chairman, I will ask the Government in due course to look at the point I have made in relation to the definition of "spouse". If it cannot be made at this stage, certainly the next time we come in with amendments, but I believe very strongly that we should really include those unions other than a marriage where there is a permanency so that those parties could get the benefit of this provision. It can be achieved by getting rid of the words "married woman" and using the word "spouse" consistently throughout the new subsection (4) as follows:

"No deduction may be made in calculating the taxable income of a spouse living habitually with his wife, or her husband, whichever you like..."

and then define "spouse" under the definition section in section 85 of the Act and that would cure all the problems we have with this section. It is a drafting problem. I am not sure the Government accepts it, perhaps the draughtsman could do it very easily.

Aside.

Mr. H. deB. FORDE: No, Sir, a union other than a marriage is a well recognised position.

Aside.

6.05 p.m.

Mr. H. deB. FORDE: If you want to prove it by registration, you **can** go to the Registration Office, but I think that they would have to give the Commissioner of Inland Revenue some proof that they are in a permanent position of union. It would suggest that we need to move to **that**, Sir. There is no point in 1980 **taking** the decision to recognise unions other than marriages for most of the law, including the Succession Act, and excluding them for the purpose of the Income Tax Act. It does not seem to me logical, socially or otherwise. I am not going to delay this because it needs a bit more drafting and perhaps the Government will need time to do that, but I really seriously must ask the Government to look at it.

Rt. Hon. L. E. SANDIFORD: We certainly will **examine** the point and if deemed appropriate will bring the necessary legislation.

The question that Clause 13, as amended, stand part was resolved in the affirmative without division.

Clauses 14 – 15 as amended were called and passed.

Clause 16 was called.

Hon. H. B. St. JOHN: This is the one that pertains to the increase in tax rates in the lower end and the reduction at the higher level. Is that right?

I would like to know if the Minister is in a position now and if he has factual **data** on which to arrive at a figure to tell the House how much additional money will be raised during the year 1992 by increasing the **tax** rate? As I understand it, it is only **from** 1992. I want to know the impact of this.

Asides.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I will take note of the point raised by the Honourable Member for Christ Church South, and in due course I will endeavour to supply the information.

The question that Clause 16 stand part was resolved in the affirmative without division.

Clause 17 was called.

Mr. H. deB. FORDE: During debate on the Second Reading, the question was asked by two Honourable Members over here whether or not there would be two rates of tax for persons during income year 1992. In relation to companies, the position is clarified by section 17 which is the new section 43. The position of individuals is a little bit more doubtful. I am going to ask for the Government's clarification here so that there could be no argument with the Inland Revenue and there would be certainty about it. I take it because of section 27 which says that:

"Unless otherwise specifically stated in this Act the amendments directed to be made to the principal Act by this Act shall be deemed to have come into operation on the 1st day of July, 1992."

that it can be argued that the taxable rate set out in an earlier section on individuals will now only apply from July 1, 1992, but I am saying that there is a legal problem. Perhaps the Honourable Member for Christ Church West Central, the Honourable Attorney General, from the legal point of view, would give us guidance on this matter.

Clause 17 deals with the rate of tax for companies generally and it says under the new subsection (3):

"For the avoidance of doubt it is hereby declared that the tax payable by a company in respect of its taxable income derived during any part of the fiscal period immediately preceding the first day of July, 1992 is 35 per cent of every complete dollar of such taxable income."

However, from July 1, onwards it becomes 40%, as I understand it. Now, in relation to individuals the tax rate for this year becomes at the highest 40% and I take it that section 27, in providing specifically for the date of commencement, unless it is specifically stated otherwise, would make that top tax rate of 40% applicable only as from the first day of July 1992. If I am mistaken as to that, I would wish us to clarify it in Committee because you will remember the Honourable Member for St. Peter in his Second Reading speech raised the matter and so did the Honourable Member for Christ Church South:

Rt. Hon. L. E. SANDIFORD: The 40% rate, those new arrangements would apply from July 1. The old rates would apply from January 1 to June 30.

The question that Clause 17 stand part was put and resolved in the affirmative without division.

Clause 18 was called.

Hon. B. M. TAITT: Mr. Chairman, Sir, I beg to move that Clause 9 be recommitted.

Hon. M. A. KING: I beg to second it, Sir.

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

Hon. M. A. KING: Mr. Chairman, we had asked that further consideration of Clause 9 be postponed so that I could have further consultations on it. After consulting on the matter, it would appear as if the amendment which I proposed would meet the requirements of the debate so that the proposal is that Clause 9 should now read:

"the principal Act is amended by deleting sections 31, 34, 35, 36(a) and 37 to 37(d)."

I move that Clause 9 as amended stand part.

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

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

Clauses 18 to 21 were called and passed.

Clause 22 was called.

Mr. H. deB. FORDE: Mr. Chairman, I wonder why it was necessary in the drafting to name the payers of interests under section 64C. Under the amendment made to section 8(a)(1) this seems to include income arising outside of Barbados in assessable income. Then it would appear that interest earned on Government securities are exempt from all taxes. Am I right in thinking this, since Government is not being named in here as a payer of interest under section 64C(1)? I really must ask that. I find it very difficult as a lawyer. You see we have redefined in the generality section that interest and dividends from outside are now included in the income section, your assessable income. Section 64C names only the institutions that must withhold. Do I take it that if Government is paying interest on its securities that the Government now is not going to be withholding interest?

The other point which I raised earlier relates to the question of if I pay mortgage interest to a mortgage company, the Barbados Mortgage Finance, does this obligate me to withhold the amount and does that mean, therefore, given the balance of the Act, that thereafter no further interest is payable on their earnings whether it is Barbados Mortgage Finance, BARFINCOR or an insurance company? I find some difficulty with it as a lawyer. I haven't thought it through properly, but maybe the Inland Revenue would have thought of those points and there may well be an answer that we would like for certainty.

Hon. B. M. TAITT: Mr. Chairman, Sir, if I may respond. During the time when the Honourable Member made the point I said something from my seat on the question of interest versus mortgage interest. If the Honourable Member will recall, in the income tax return form, the insert takes account of income from real estate and that refers to mortgage interest on one line. It also refers to interest. If you look at **the normal** return, Schedule B at item 43 refers to interest so that it is reasonable to assume that interest for purposes of the Income Tax Act has not meant mortgage interest unless it is mentioned as mortgage interest. I am going on an interpretation. So I would think that interest, as mentioned here in the section, is referring to interest and not mortgage interest, and the answer to the question would seem to be that if you are handing over mortgage interest there could not be any withholding.

The other question that you might consider is that the withholder is usually an institution.

Asides.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I would beg that further consideration of this particular clause be postponed until I get some clarification on this matter.

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

Clause 23 was called.

Mr. H. & B. FORDE: Mr. Chairman, I have a query again on Clause 23. It provides that

"every resident company should withhold or deduct an amount equal to 12.5 per cent thereof from any amount paid by it as dividends, other than dividends referred to in paragraph (iv) of section 64(1) and preference dividends, to a resident person and shall within such time as is prescribed, pay the amount so withheld or deducted to the Commissioner as payment in full of the tax in respect of the income represented by the dividend, of that resident person."

I wish to know whether this provision means that dividends paid between companies are subject to withholding tax because it would seem that if a resident company pays to another resident company an **inter-company** payment that that is subject to withholding tax. That is what I must ask, Sir. It also further states in (4B):

"Subsection 4A shall not apply to dividends to the extent that they can have been paid only out of profits which the company paying the dividends earned or out of other income which the company received before the 1st day of July 1992."

Once again, Sir, I must ask, does this mean that companies must pay their dividends out of their retained earnings brought forward and when this is exhausted then pay dividends out of profits taxed at **40%**? I am not sure what it means, frankly. I have a little bit of difficulty with it. I would wish some clarification in the **case** of investment companies and holding companies which are trading subsidiaries. They must determine the pool of profits they pay their dividends out of when they receive dividends from a mixture of companies who have paid out of profits taxed at 35% and 40%. Inter-company dividends were not formerly taxed, but I wonder whether the wording of this section in this way does not mean that **inter-company** dividends may be subject to withholding tax in these circumstances. It is worth clarifying at this **committee** stage and perhaps the legal draughtsmen and the Inland Revenue will give some necessary advice on it.

Rt. Hon. L. E. SANDIFORD: May I ask that further consideration of this Clause 23 be postponed.

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

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

Clauses 24 to 27 were called and passed.

On the motion of Hon. B. M. TAITT seconded by Hon. M. A. KING, Mr. CHAIRMAN reported progress and asked for leave to sit again.
6.25 p.m.

SUSPENSION

Hon. B. M. TAITT: Mr. Speaker, Sir, I beg to move that the sitting be now suspended until **6:45 p.m.**

Hon. P. M. GREAVES: I beg to second that.

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.

RESUMPTION

Mr. SPEAKER: This sitting is resumed. When the Suspension was taken the House was in Committee of Supply and to that it should return.

Mr. CHAIRMAN. The Committee is resumed.

Clause 22 recommitted.

Hon. M. A. KING: Mr. Chairman, in relation to Clause 22, questions raised by the Honourable Member for Christ Church West related to the question of

whether interest which was payable by Government on Government securities and so forth, whether, Government, in that case would be required to deduct withholding tax on interest. The answer to that is that Government securities would normally be issued on certain terms and conditions and those **terms** and conditions as **presently** exist would not require the withholding of tax so that in relation to Government securities the tax would not be required to be withheld because the securities would have been issued on terms and conditions presently existing and those terms and conditions on which the securities are presently issued are the terms which would apply to those securities. The interest in the hands of the person receiving it would be liable to tax by the revenue and be required to be paid by the person receiving the interest.

The other question as to whether mortgage interest is covered by the term interest used in this clause, whether a person who pays mortgage interest is required to withhold tax on that interest, the law, apparently, as it now stands does require that **tax** on mortgage interest be withheld by the person paying the mortgage interest. I understand that as a matter of practice, because of the difficulty of administration the revenue does not **in** fact require the payer of mortgage interest to withhold tax but **that** the person who receives the interest that person will pay the appropriate **tax** on that interest to the revenue **so** that it does not alter the existing state of the law but for practical and pragmatic purposes, revenue does not require persons who pay mortgage interest to withhold **that** interest.

Those are the explanations on Clause 22, Mr. Speaker, and if there are no further interventions then I move that the question be put.

The question that Clause 22 stand part was put and resolved in the affirmative without division.

Clause 23 recommitted.

Hon. M. A. KING: Clause 23, Mr. Chairman, the position is that the question raised related to the question of **inter-company** dividends and I understand that **inter-company** dividends are not covered. Company dividends are not affected by this section.

The question that Clause 23 stand part was put and resolved in the affirmative without division.

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. P. M. GREAVES, Mr. CHAIRMAN reported to Mr. SPEAKER the passing of one Bill; with amendments, in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. P. M. GREAVES, the Bill

was read a third time and passed and cited as the Income Tax (Amendment) Act, 1992.

Hon. P. M. GREAVES: Mr. Speaker, Sir, ~~that~~ brings us to the end of Government Business for the day and I move, Sir, that Private Members' Business be now taken, Sir.

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

PRIVATE MEMBERS' BUSINESS

Item No. 1: To resume &bate on the passing of a Resolution to call upon Government to take steps to resuscitate the Sugar Industry:

Hon. H. B. St. JOHN. Yes, Sir, this matter stands in my name and I beg to move ~~that~~ further consideration of this matter be postponed.

Mr. H. deB. FORDE: I beg to Second **that**.

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

ITEM NO. 2 - TO MOVE THE PASSING OF THE RESOLUTION TO AMEND THE **HEALTH SERVICES (HOSPITAL FEES) (AMENDMENT)** REGULATIONS, 1992 CONTAINED IN STATUTORY INSTRUMENT NO. 54 OF 1992

Miss B. A. MILLER: Mr. Speaker, Sir, this Resolution stands in my name. I am much concerned, Sir, that the Regulations made by the Minister of Health on the 19th **day** of June this year, are, as it says in my Resolution, subject to negative resolution and I am moving **that** the Health Services (Hospital **Fees**) (Amendment) Regulations, contained in the Statutory Instrument 1992, No. 54, should be annulled, and for several reasons, Sir.

Mr. Speaker, the Government, or I should say, successive Governments in Barbados, have made an **investment** in the social sector of the delivery of health care in this country which we boast, in Barbados, is second to none and I genuinely believe that at this time it is second to none in this region, perhaps south of the Equator, in this part of the hemisphere. In pursuance to that successive Governments, in Barbados, Mr. Speaker, Sir, have given often times, and I believe that it is **so** even today, the second largest chunk of our budget to health.

In addition to the hefty budget contribution to health, Barbadians pay taxes some of which go to the maintenance of the health services of this country - the Queen Elizabeth Hospital, the Geriatric Hospital, the Psychiatric

Hospital, the network of 8 polyclinics which deliver primary health care around this country, the public nurses service and a whole host of ancillary services which are offered, some out of the polyclinics, some out of the various hospitals. So at primary, secondary and at tertiary level we have a proud record and Barbadians have contributed by way of taxes without complaint, all the years.

In addition to that, Mr. Speaker, Sir, Barbadians pay a health levy which, last year, collected \$34 million, the year before that \$36.1 million dollars. They are entitled to quality service in return for the monies that they expend. 7.00 p.m.

I **am** concerned, Mr. Speaker, when I look at the Second Schedule in this Statutory Instrument that many of these fees are going to be counter-productive. I will point out why I say that and how I interpret that to be so. These fees are coming at a time when Barbadians can least afford the order of increase that we see here. Now earlier this week, Sir, this Parliament repealed the Transport Levy and the Employment Levy. I would have thought that the time when the Minister of Health would have seen fit to review upward the schedule of fees, as we see them in the Statutory Instrument here, would be at a time when the Health Levy was going to be repealed just like the Transport Levy which has been repealed. Now would not be too early because we have a situation where the Employment Levy is being repealed today but will not come into effect before 1993-94, but nothing of the sort has happened.

We have a situation where in some instances the **fees** at the Queen Elizabeth Hospital have been increased 1000 per cent. This is at a time when Barbadians are having to reorder their priorities and where many people are **cutting** back in the area of health insurance. It cannot be that the Queen Elizabeth Hospital is intended to compete with private hospitals in Barbados. The St. Joseph Hospital is an **outstanding example** of a private hospital in Barbados that never has reached 40 per cent occupancy. I would not even want to guess at what it would do now. I would not want to guess either about what **Bayview** is doing now. We have to live within the realities. It is not enough to sit down and arbitrarily say that because the IMF is on our back we have to increase this and we have to increase that, multiply this by 3 and that by 4. We cannot do it that way. We have to look and see what the implications are.

Let me draw your attention, Sir, to some of these items. Let me get it clear from now. In 1977, I was the person who reviewed upward hospital fees largely at that time for the purpose of introducing a CARICOM fee. It was felt that it was not fair that CARICOM people could

come to Barbados and pay the same fees that Barbadian nationals were paying. Of course, there was no Health Levy then. So it is not that in principle I **am** against fees because I **am** not. I am concerned about the size of this increase, the timing of it and the fact that the Government does not account for the Health Levy as far as health services are concerned. The Health Levy goes into the Consolidated Fund. That was not the original purpose for which the Health Levy was raised.

Sir, let me deal with some of these things. Item - private room at the Queen Elizabeth Hospital for citizens and permanent residents \$150 per day or part thereof. Do you know what it used to be, Sir? It used to be \$40 to \$45 a day. It is now \$300 a day for people other than citizens and permanent residents. That means that CARICOM people are lumped together with people who even come outside of this region. I am making this distinction because I am going to speak on that at a later point. Ward accommodation other than Intensive Care Unit \$40 a day. It used to be \$10. This is ward accommodation in what is known as a free ward. That is why I said on an earlier occasion that **every** ward in the Queen Elizabeth Hospital is now a pay ward. Even in the free ward as long as you come through a private consultant of your own choice or a doctor other than one that the hospital assigns you to if you present yourself at the Casualty or Emergency Unit, you are a private patient.

Hon. B. M. TAITT: On a point of order, **Sir**. The Honourable Member is entirely and absolutely incorrect and, therefore, she is misleading the House. That is not correct that once you come to the hospital you **are** assigned to be a private patient. That is not true. What she said is not correct, Sir.

Aside.

Hon. B. M. TAITT: Whatever she said is not correct.

Miss B. A. MILLER: Let me put the Minister right, Sir. There are several ways to become a private patient at the Queen Elizabeth Hospital or it might be easier if I describe the ways in which one can become a public patient, meaning that you **are** entitled not to pay fees. You go to the Accident or Emergency Unit or you go to what is popularly known as the Casualty and you get assigned to a ward and a QEH doctor. Even if you go to the Casualty and you say that you do not want the QEH doctor but you want to call your private doctor, that makes you a private patient. That is one way of becoming a public patient. You go to the Casualty and you wait for 3 to 4 days or however many days. Understand clearly, Mr. Speaker, this is what these fees are going to mean but you are again going to see long queues at the Casualty. People will have to telephone home and let their relatives bring tea, breakfast and

dinner for them while they are waiting in a queue at the Casualty to become a public patient.

Sir, there is the Medical Intensive Care Unit which includes medical, surgical and there is a new Neo-natal Unit for the newly **born** babies. Intensive Care Unit used to cost \$45 a day. It now goes to two hundred fifty dollars a day and any part of the day. Even if you went in for 4 hours after a recovery **period** and they felt that you needed to go into the ICU for 4 hours, it is \$250 now. Use of the Operating Theatre used to be \$30 if it was a major operation. Today, it is \$300 for an operation. **Now**, that is only the use of the Operating Theatre. That does not include the doctors' fees, fees for the anesthetist, nor does it include the fee for the ward if you are a private patient. Just for the use of the Theatre, it is \$300 for a major operation. For a minor operation where it used to be \$10, it is now \$150 for an operation.

Aside.

Miss M. A. MILLER: Do not say that it is not true. I am reading here from the Statutory Instrument. I have it in my hand. I am quoting Item No. 3 - Use of Delivery Rooms, \$200 per delivery. This is a new charge. There never used to be a charge for delivery before. Item No. 4 - Use of Out-patients Clinic. It says here no charge. You **understand**, Mr. Speaker, that is how you get to be a public patient. So there is no charge for use of Out-patients Clinic just **as** there is **no** charge for Accident and Emergency Department. The use of lab equipment, which is Item No. 6, used to be \$1.00 or \$3.00. This will cover a host of items, Sir, from pap smears, blood test, urine test and that sort of thing. They have now moved from \$1.00 to \$3.00 and it is now something arranged between \$5.00 to \$40.00. 7.10 p.m.

Item 7, Sir, Use of Radiology Equipment. The C.T. Scan, which is new, and which he had at \$100 per examination, the Minister brought an amendment last week to move it to \$400, so even before his ink is well dry on the paper the Minister has brought an amendment in here, the last time we sat, to move the CAT Scan per session, per examination, from \$100 to \$400. He did the \$100 thing in June this year. A month later he moved it up to \$400.

Cardiac Catheterization, \$150 per examination. Ultrasound \$10 an examination. Those are new charges, but you used to be able to get a simple X-ray for \$3, how you pay \$10. A complex X-ray used to be \$5, now you pay \$100.

Use of the Cardiology Equipment. An Electrocardiogram, Sir, used to be \$3. It is now \$10 per **examination**. An Echocardiogram, which is a new thing, is \$50 per examination, and it goes on like that. These are new pieces of equipment. We have to remember, Mr. Speaker, **especially** when we are looking at this kind of

new technology, which I admit is costly, that Barbados has a very high incidence of hypertension, of diabetes, cancer and the heart diseases. Although we are a developing country we have a very developed country's health profile.

Cancer patients use what you will find under Item 9 a great deal, the use of radiotherapy and nuclear medicine equipment. Cobalt Therapy, \$100 per treatment. X-ray Therapy, \$50 per treatment. Nuclear Scanning \$100 per examination.

I want to go particularly to Item 12, Use of Respiratory Diagnostic Equipment. Those people who suffer from the upper respiratory tract diseases, especially asthma, Sir, \$15 per test. Use of the Haemodialysis Equipment, Item 13. Mr. Speaker, you are a man in the allied medical professions, you know whereof I speak. Those patients who have to have haemodialysis, some of them twice, some of them 3 times a week, those people who go on what is popularly known as the kidney machines, for them this is a new charge, a first time charge, \$125 per treatment. So those people who have to go 2 and 3 times a week, it is \$125 per treatment I am reading from the Statutory Instrument, if the Minister is going to amend it, let him say so.

Physiotherapy used to be \$2 and \$4 a session. That is now \$20 a session. **I** note carefully, Sir, Item 16, Medicines: "In accordance with the Barbados Drug Service Regulations." They dare not touch that service.

Item 17, Use of Hospital Vehicles, \$100 per trip. When I made **regulations**, Mr. Speaker, other **than** ambulances it was \$10 a trip. Ambulances were excepted. Now this Minister, the Honourable Member for St. Michael West, has gone on record publicly as saying that it is not true. If this is a mistake, an error, a lie, however you want to put it, we need to know now. Barbadians are very concerned. A woman dropped dead at the airport a few days ago and people were afraid to call an ambulance.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is misleading the House. To put that in the record would be a diabolical act. The Honourable Member is saying that a person dropped dead at the airport and people were afraid to call the ambulance. It is simply not true.

Mr. SPEAKER: I just want to remind the Honourable Member it is only a half an hour allowance.

Miss B. A. MILLER: Mr. Speaker, Item 19, Storage of Dead Bodies in the Hospital Mortuary. It used to be \$2 per hour after 12 hours of notification of next of kin, it is now \$110 per day or part thereof. Do you know what local undertakers charge for storing, Sir? I have checked with them. Between 325 and \$30 per day.

Mr. Speaker, for the Hospital fees I want to know what is the rationale behind these increases. Are they to encourage more Barbadians to go abroad to Miami and San Juan for medical treatment, care and attention, taking precious foreign exchange with them? When people look at the fees here and see that there is not going to be a great deal of difference between what obtains in Barbados and what they can obtain in San Juan, they may opt to go to San Juan. What will happen to our CARICOM business? Let us get down to brass tacks. If what it is, is about raising money, this is not an incentive to people to avail themselves of the Hospital's services. There are people who come from the countries of the Eastern Caribbean to Barbados for treatment. That is a fact, a number of people. When they look at these fees and see that there is not a lot of difference **between** coming to Barbados for medical treatment or going to San Juan or to Miami, they will opt to go to San Juan and to Miami.

I **am** saying that these fees, not only in respect of citizens and residents of Barbados, even the **fees** for persons who are non-citizens may turn out to be counter productive. After all, we want to encourage people to come here to use these services so that the Hospital will **earn** some revenue, and you have to ask yourself, is it going to have that effect?

What I **am** most concerned about, Sir, is this. Will persons be charged upon entry into the QEH? Is it now that when you get to the Queen Elizabeth Hospital you have to produce a document to show that you have health insurance and therefore can pay? Do you have to hold out cash or a cheque **book** and pay? Or are they going to take you in and when you get out of the Hospital they sue you for the money if you cannot afford to pay? I want to know about collection of these fees, in other words. How does the Minister propose **that** these fees will be collected? Will people have to show proof of money or insurance, or are they going to be sued for services rendered after they have had these services at the Queen Elizabeth Hospital?

I said when I began, Sir, that if people are being **asked** to pay, even at the old rate, or any rate at all, there is a **quality** of care that they expect when they get to the Queen Elizabeth Hospital. I hear disturbing reports about cancelled surgeries, lack of provision of recovery facilities which causes cancellation of surgeries as well, I hear of shortage of basic materials at the Queen Elizabeth Hospital, I hear of shortage of nurses. This Government encouraged Barbadian nurses, trained by our taxpayers' dollars, our established people, to go abroad and **service** other people's systems. So now there is a whole host of Guyanese nurses, fresh from the Nursing School at the Queen Elizabeth Hospital, who are here only working for their passage until they too can get to North America to earn what they hope will be big bucks. But what it is doing to the quality of service we deliver is unbelievable, and I really want to hear the Minister on that as well, but most of all I want him to

explain to me and to Barbadians how he is going to justify the collection of the health levy, plus taxes, plus these fees. If I choose to have my private doctor, that is my right. Is the Minister right to penalise me because I do not want to wait in a queue at the Casualty for 3 **days**?
7.20 p.m.

That is what it will come to. What will happen in this country, Mr. Speaker, Sir, is that people will not go to the hospital when they are ill and should go. Morbidity will rise in this country and in the long **run** it is going to cost you more money because when they do get to the hospital they will be far more ill than they were when they ought to have gone and the treatment will cost more because it will be a longer treatment and it may be a more intensive treatment.

So all of this is really counter-productive. Just raising fees for the sake of raising fees. When I look at what I see happening now and happening in past years in respect of private hospitals in Barbados that charge fees, it is clear to me what is going to happen at the Queen Elizabeth Hospital. How are they going to cope? What is the plan to deal with this increased morbidity, when people simply do not go to the hospital because they feel they cannot afford it.

All of those women who used to get their pap smears done for \$2 and who now have to pay for school meals and who have to pay extra for bus fares for their children, who have to pay all of these taxes that the Government has put on them, will choose now, to put off the pap smear. People who are suffering diabetes and there **are** many, many of them in Barbados, there is a whole ward of nothing but **amputees** at the Queen Elizabeth Hospital and a second one in the making, will put off a visit to the doctor, will put off a visit to the hospital because they will feel they cannot afford to pay for either a stay in the hospital if they insist on having a private doctor, and certainly they cannot afford to pay for the services at the Hospital.

I want the Minister to distinguish clearly between payment for ward accommodation and these services because there are a lot of people who are not patients in the hospital but who are referred for X-rays and a whole host of other treatment that we **see** here, like dialysis, like cobalt treatment for cancer patients and so on and doctors send all sorts of material to the hospital for **tests** of one kind or another.

That service which is costing a pound and a crown and it is that service that people need. What would be the point of having this expensive equipment in the hospital if it turns out that people will cease to avail themselves of it. I want to know how the Minister is going to justify these increases if the end result is going to be

increased morbidity in Barbados and mortality **too**. If it is costing \$100 per **trip** in an ambulance and that is what I see in the Statutory Instrument, some people are going to die in their **beds** for lack of an ambulance. So mortality will increase as well and their next of kin will now have to pay \$110 per day. How does the Minister justify this when private undertakers are charging \$25 and \$30 per day. I don't want him to fail to answer the collection point when **he** gets up. We want to know how do these fees become payable and if and when they are not payable how are they planning to collect?

Are we really going to see a situation in Barbados where people will be kept on a gurney in the casualty or in the accident unit because they have a private doctor and will not be sent to the ward because they do not have any proof that they can pay and because they return the right to have their own private doctor. Are we going to **see** that happening, that people will die on gurneys now in **corridors** at the hospital? That people will die on beds in cubicles in the accident unit because they can't be sent up to the wards? I know how it works in North America. When you get into that unit in a private hospital, which the Queen Elizabeth Hospital is not, the Queen Elizabeth Hospital is not a for profit operation... At the same time I **am** not saying the Queen Elizabeth Hospital is there to **incur** losses. At private hospitals you have to pay before you go in. Is that what is going to happen now? Do you have to 'pay before you go in? And, if you sign or get somebody to guarantee and sign for you, or show **a** health card and you don't pay, I want to know how the money is going to come.

For instance, Mr. Speaker, if you are a dialysis patient and you go every week for your **haemodialysis** and you are the patient of a private doctor, meaning that he is not a doctor on the QEH staff, and one week, because you got laid off from your job, or for a host of other reasons, you have to pay petty fees at the school that have now gone up, you have to pay extra for the textbook loan scheme, a whole host of reasons **why** you can't afford to pay it? What happens if you don't get the treatment that week? **For** some patients with kidney problems that means death and so it is **true** of many cancer patients, as you know, Mr. Speaker, Sir.

The Minister really has to explain to us what is going to happen because, Mr. Speaker, when these people die that is not going to make front page news. That is not **like** a car getting squashed up on the Spring Garden Highway. That is not going to make any kind of news. It will only show up in the Chief Medical Officer's report as a statistic when you will **see** the numbers dying from certain diseases rising.

The other thing that I want to question, Sir, goes back to olden times – the collection of the money. There is a very poor record in Government where people actually

have to handle money. It does not always end up going where it should go. So you **mean** people are going to undergo all of this hardship and all of this sacrifice to hear that somebody carry away something.

One of the things I would be obliged for the Minister to do is something that the Prime Minister failed to do in his last budget. You might tell us the estimate of the revenue you expect to raise from these increased fees.

Aside.

Miss B. A. MILLER: Six million dollars you are hoping to raise from this? In a total budget of how much at the Queen Elizabeth Hospital?

Aside.

Miss B. A. MILLER: Sixty-one million dollars. What is one's life worth in Barbados? The other thing I want to know from the Honourable Minister, Sir, has to do with any system or lack of it of referrals from the polyclinics now to the Queen Elizabeth Hospital. How do you become a public patient, coming through the polyclinic to the hospital, or how do you become a private patient coming through the polyclinic to the Queen Elizabeth Hospital? And, Sir, we have to face the fact of what is the practice in Barbados. People do not go out of their way to **find** a doctor who works at the hospital to be their doctor. You go to the doctor in your district, especially if you live in the country, you go to the doctor that everybody else in **your** village goes to, you go to the nearest doctor. You do not go out of your way to say, well let me **try** and find a doctor who works at the hospital in case I ever have to be a patient there and he will let me in. I know it does not work so. People are entitled to be seeing their own private doctor and to want that doctor to follow them into the Queen Elizabeth Hospital, even if that doctor is going **to** refer them to another doctor. What happens if your private doctor wants to follow you in, even though you are **referred** to somebody else, does that disqualify you from being a public patient? These are the questions that I **am** asking. I want to know, Mr. Speaker, Sir, what is the justification, what is the rationalisation behind this? I want to know why we can't hear that the health levy is to be repealed in the same way that we heard **that** the transport levy, the employment levy were repealed last Tuesday?

Aside.

Miss B. A. MILLER: It does not even matter. At least we would know. It is clear to me the Government has no intention of repealing the Health Levy and that Barbadians must continue to labour now. In order to get health care you are paying from three sources. We are paying through taxes. We are paying through the Health Levy and we are paying our doctor privately. Now you have to pay the **hos-**pital, these outrageous increases in fees for services that

you are already paying for through your taxes and Health Levy. It is not **fair**. I mean that at the bottom it is just not fair nor is it sensible. I think that I have pointed out, Sir, that even for persons who are non-residents we should have to pitch the fees in a way that they would encourage non-Barbadians to come to Barbados for the benefit of these services. When I look and I see what people are being charged here, we are going to lose that business as well.

7.30 p.m.

Sir, I would be obliged if the Minister would answer all and not just some that he chooses of these questions. I am not going to let this end here either. Before I sit down, Sir, if and when the St. Joseph Hospital comes into being, I want to know what fees are proposed to obtain down there?

Sir, I beg to move that this Resolution do now pass. But we **are** resolving that the House should annul these fees.

Mr. H. **deB. FORDE**: Mr. Speaker, I beg to second the Resolution and reserve my right to speak.

Hon. B. M. **TAITT**: Mr. Speaker, in another debate, the Honourable Member for the City said that she would use any parliamentary device at her disposal to achieve her end. This Resolution certainly bears ample evidence and testimony to that intent. In the 350 years of the existence of this Parliament, this is probably the **first** – let me put it this way. It is doubtful whether a Resolution such as this has come before this House and be debated. The position of delegated legislation is sufficiently well known but no functionary who has made a decision and signs an Order does so on whim and fancy. The Order which is before us now is no different from the Order that was passed in 1965, the Hospital Fees Regulations, in which...

Miss B. A. **MILLER**: Mr. Speaker, on a point of order. He cannot say that it is no different.

Mr. **SPEAKER**: That is no point of order.

Hon. B. M. **TAITT**: How is it any different? It is a delegated legislation, lady. It is no different. It is no different from the Hospital Fees Regulations 1965 which was signed by a Minister as part of delegated legislation. It is no different from the legislation in 1970 that repealed that one which was signed by, I think, Minister Talma and it was no different from the legislation passed that was signed 7 years later by the Honourable Member herself. That was no different from the legislation passed in 1982 by Minister **Brathwaite**. In other words, Sir, the Schedules to the legislation are in many respects the identical language but the numbers have been changed.

I am sorry that the Honourable Member did not give the example of the one that was 1000 per cent. But the

Honourable Member using percentage seems to be **dramatic**. Let me **see** if I **can** use her techniques too, Sir. Let us take 1970. A private **room** at the Queen Elizabeth Hospital was \$25.00 and in 1977 the Honourable Member carried it to \$45.00. That was 80 per cent.

Aside.

Hon. B. M. **TAITT**: Am I going to be able, Sir? I did not **talk** to her while she was speaking. The Honourable Member carried the private room from \$20.00 to \$40.00. That was 100 per cent. That Honourable Member **carried** ward accommodation for persons who were the same identical type of persons which she is now describing as private persons from \$5.00 to \$10.00. That is 100 per cent.

Now, Sir, you can get dramatic and talk about percentages, but there is no change whatsoever in the category of patient from when the Honourable Member signed her Order in 1977. No change. We are using the identical definitions which the Honourable Member signed. We are saying that what constituted a private patient then is what constitutes a private person now. The Honourable Member can be assured that there is absolutely no change.

Aside.

Hon. B. M. **TAITT**: The Honourable Member has given the impression that suddenly by the signing of this Order by this Minister some dramatic change has come about at the Hospital and persons who would be able to avail themselves of the services will no longer be able to do so. It is simply not true.

Miss B. A. **MILLER**: Mr. Speaker, on a point of order. The Honourable Member is deliberately misleading the House. I sought to give no such impression. I gave the old fees and the new fees. I am not trying to fool anybody.

Hon. B. M. **TAITT**: Mr. Speaker, all those who heard her formed their impressions. I do not have to tell people that this is the Honourable Member's technique. The Honourable Member wanted to know how do you become a public patient. Well, there is no change. The same 90 per cent of the people who went to the Queen Elizabeth Hospital as public patients will go to the Queen Elizabeth Hospital as public patients in the same identical way.

As to the rationale, Sir, when I **became** Minister of Health in 1987, I became aware that one of the deficiencies of the Queen Elizabeth Hospital was the collection of fees and the almost pathological failure to collect any revenue from areas which were supposed to be revenue bearing. I have to ask Honourable Members to bear with me because it is important that they have this information. In 1981–82, Sir, we spent \$31.1 million at the Queen Elizabeth

Hospital and we collected \$994 000. In 1982, we spent \$30 million and we collected \$1.3 million. In 1983, we spent \$30 903 000 and we collected \$1.4 million. In 1984, we spent \$39 442 812.97 and we collected \$1 385 918.09. In 1985-86, we spent \$45 738 317.69 and we collected \$1 362 443.30. In 1986-87, we spent \$42 714 038.17 and we collected \$1.4 million. In 1987-88, we spent \$48.4 million and we collected \$1.4 million. In 1988-89, we spent \$53 128 692.46 and we collected \$1 492 000. In 1989-90, we spent \$57 million and we collected \$1.7 million. In 1990, we spent \$64 732 804.44 and we collected \$1.8 million. In 1991, we spent \$64 488 000 and we collected \$1.7 million.

Mr. SPEAKER: Two Honourable Members are on their feet.

Miss B. A. MILLER: On a point of order, Sir. The Honourable Member is again misleading the House. He is giving the impression that you spend "X" dollars and you are to collect "X" dollars back. That is not the case. What he must tell us is what he is supposed to have collected.

Mr. SPEAKER: That is not a point of order. There is no breach of order in that respect. That is what a point of order is. It is a breach of the Rules of the House.

Hon. B. M. TAITT: Between 1981-82 and 1991-92, we spent \$508 867 082.27. Let me repeat it \$508 867 082.27 and we collected in a 10 year period \$16 308 742.99. This is at the Queen Elizabeth Hospital alone. This takes no account of the expenditure which can be found in the Estimates for the period...

Aside.

Hon. B. M. TAITT: I am not skillfully avoiding anything. That is a non-question. I am making the point, Sir, that we spent \$508 million and we collected \$16 million.

Mr. SPEAKER: I need to say something. I understand the Honourable Members are in anxiety to get an answer. 7.40 p.m.

Mr. SPEAKER: I need to say something. I understand the Honourable Member's anxiety to get an answer, but at the same time the Honourable Member who is speaking seems not to enjoy the constant interruption from your Chair and obviously you know you cannot do that, so let the Honourable Member proceed as you have been allowed to do.

Hon. B. M. TAITT: The Honourable Member must know that in the context of efficiency if you are putting out that kind of money you ought to be able to demonstrate that the operation is being run efficiently. The Honourable

Members over there will remember that in an attempt to collect fees one of the things they did was to appoint a person with the sole responsibility of following up and collecting the fees that were outstanding. In the end that had to be discarded because it cost more to have that person employed than the fees which were actually collected by that person.

These were only some of the things which informed the Management Committee of the Queen Elizabeth Hospital, which as long ago as 1988 started the proceedings to make recommendations for the payment of fees to the Queen Elizabeth Hospital. Mr. Speaker, they finally made the submission in 1991 and it was processed and we were able, finally, in 1992 to have the Order.

Mr. Speaker, it is fascinating to hear the Honourable Member talking about these fees in the terms she discussed, because I am going to take some time and give you some information about these fees. For the private room at \$150 per day, the actual cost to the Queen Elizabeth Hospital is \$300 per day. The ward accommodation, which incidentally the Honourable Member said was \$10 and was in fact \$20, has moved to \$40, so it is 100% increase over a ten year period. It is \$40 per day for citizens and permanent residents. Ward accommodation means exactly what it meant when the Honourable Member signed her Order in 1977; no more, no less. It is now \$80 per day for others. That actual cost to the Queen Elizabeth Hospital is \$300 per day. The Medical Intensive Care Unit cost \$900 per day, we are charging \$250 and the Surgical Intensive Care Unit is entirely new. The Honourable Member is obviously not familiar with that. She suggested that the Intensive Care Unit is both medical and surgical. It is entirely new. It is part of the \$40 million project which the Honourable Member conceptualised, which has been brought to fruition and which is now a fact. It is a Surgical Intensive Care Unit and for persons who go on this unit the charge will be \$250 per day. For private patients who are paying and for those persons who come from outside Barbados, the cost will be Bds. \$500 per day. The Neo-natal Intensive Care Unit is \$150 per day and the actual cost to the Queen Elizabeth Hospital is \$214. I should have said that the actual cost to the Queen Elizabeth Hospital for the Surgical Intensive Care Unit is \$741 a day.

The question we would have to ask is, if I continued down the line of giving the statistics, is it really fair for the rest of the community to be paying these fantastic costs to support persons who come from outside of Barbados? Some of them from inside Barbados, but persons who elect to be private patients. You do not become a private patient by assignment, you elect, you choose to be a private patient, and when you choose to be a private patient you have the same conditions that were outlined in 1982, when the Honourable Member was part of the Government,

in a letter written by James **Williams**, the then Director, in which the whole question of how you become a private patient, a question which the Honourable Member **asked**. That letter outlined very carefully under the aegis of the Barbados Labour Party. There has been no change. We are continuing the policies laid down by the Barbados Labour Party with regard to the need for a deposit, so the only thing we have changed are **the** numbers, and in those numbers it might be interesting to do some comparative analyses just for the purposes of this discussion.

Sir, for the Queen Elizabeth Hospital it will be **\$150** a **day**, but do you know what it is for the **Bayview** Hospital? It is **\$335** a day. **Do** you know what? They have no Intensive Care Unit, so whenever they have someone who needs treatment that they do not give, they have to be transferred to the Queen Elizabeth Hospital. It is a very interesting phenomenon.

Aside.

Hon. B. M. **TAITT**: The citizens who go to **Bayview** pay the Health Levy too. When you pay the Health Levy do you have anything on it with a wing **marking** this for the QEH and this for the...

Asides.

Hon. B. M. **TAITT**: The Honourable Member is not going to put me off my stride, Sir. The **\$335** a day we could have the phenomenon, as we have had, where persons who are at the **Bayview** Hospital run into a problem leave paying **\$335** a day at **Bayview** and come down to the Queen-Elizabeth Hospital as a private patient and pay \$45. They bring the problems to the Queen Elizabeth Hospital. In essence, what we have been doing is subsidising the insurance companies. The people of Barbados have been subsidising the insurance companies, and even with these fees will not be breaking even. As a matter of fact, the fees that will break even, Mr. Speaker, are the fees which we are charging for other persons, because **we** agree that the Hospital is a not-for-profit hospital, but it is not to be there merely to supply all the services for who will come, "tout mounne **bagai-l'a**". We have **people** who come from the United States of America who would go to the Hospital, who wish to pay for the services **and** in the circumstances they could not even find anybody to pay the money to. We have people who come here with Blue Cross, Blue Shield and American Express. When they finish they go to the Accident and Emergency Department or they go to a ward, they have excellent care and they know that if they were at home they would have to come down to pay. When they come to pay they cannot believe the fees.

Aside.

Hon. B. M. **TAITT**: Not a single poor **Bajan** has to pay a cent; not one single, **solitary cent**. What poor Bajans are you **talking** about?

Aside.

Hon. B. M. **TAITT**: The Honourable Member is behaving **in** a manner which suggests to me that it is deliberate, because the Honourable Member must know that what she is contending does not make sense. Therefore, when she contends that one has to **ask** questions. Sir, the Honourable Member asked questions and I am going to deal with them now. She raised questions about the IMF. This exercise had nothing whatsoever to do with the IMF. This exercise was put in train by the Hospital Management Committee and when the Hospital Management Committee made their recommendations the Minister and the Cabinet concurred in reducing the numbers which were recommended because we did not feel, that although they were justified, we could go to the levels which were recommended.

7.50 p.m.

Mr. Speaker, she raised the question: Will persons be charged at the Queen Elizabeth Hospital? I believe I have answered that. She said that there were cancelled surgeries and lack of provision of recovery facilities. That is absolutely untrue. As a matter of fact the recovery facilities at the Queen Elizabeth Hospital are considered to be better than the recovery facilities in a number of hospitals in larger countries. They are not inadequate. In fact, in the surgical intensive care unit which has been combined - which is a new institution, part of the **\$40** million project - and therefore they could not be inadequate. They are in fact state of the art.

Aside.

Hon. B. M. **TAITT**: A simple basic reason would be, if a surgery is cancelled because of no recovery **room** space is that there would have been a barrage of accidents **and/or** emergencies. If the Honourable Member knows and wishes to speak of it she may feel free to do so.

The Honourable Member spoke **about** shortage of materials. That is absolutely untrue. There has been no report of any shortage of materials. The Honourable Member talked about shortage of nurses. The Honourable Member should not wish to raise that question at all. I state categorically that Barbados is the only country in the Caribbean where, at the moment, there is a surplus of nurses. We have 60 nurses that are going to be coming out of the training school in September and we, in fact, may not have places for them because of the failure of the St. Joseph Hospital to open in the time frame that we had.

Mr. Speaker, as my friend, the Honourable Member for St. Michael West Central likes to say, it is a

diabolical untruth to suggest that the Guyanese nurses are fresh out of training school. There is not a Guyanese nurse working at the Queen Elizabeth Hospital with less than **15** years experience.

Aside.

Hon. B. M. TAITT: The Honourable Member knows **so** much about her own Ministry that she used to have that it can be said that over **50** per cent of the nurses at the Queen Elizabeth Hospital have more than **15** years experience. The way in which you know that is the level at which you have to pay them.

Aside.

Hon. B. M. TAITT: Well if I don't know what is going on, God help us. The Honourable Member sought to be dramatic when she talked about storage of the dead. The Honourable Member sought to be dramatic and brought the ambulances into play. The first time the whole question of the use of hospital vehicles... Never in the history of Barbados has a single cent been ever collected for the use of a hospital vehicle. This Order was put on the books by the Honourable Member and I have simply continued the practice. It does not apply to a person who calls an ambulance. It is unfair, **unreasonable** and absolutely untrue for anyone to suggest that there should be a person in Barbados who would call an ambulance **and** who would have to pay. That causes me pain, Sir, because it is not even nearly true.

The Honourable Member is asking why is it there? The hospital administration has correctly pointed out that in the event someone is coming from overseas, who hired an ambulance, if it is not in the order...

Miss B. A. MILLER: On a point of order, Sir. Mr. Speaker, Sir, the Statutory Instrument is clear. Citizens and permanent residents **\$100** per trip. In the next column, Others – **\$200** per trip. If this is an error, Sir, as has been pointed out to me, let the Minister say so.

Asides.

Hon. B. M. TAITT: Mr. Speaker, the whole question of the rental of an ambulance has to do with the movement of persons from the airport especially. **Lindhursí** and the others rent their ambulances.

Aside.

Hon. B. M. TAITT: I beg your pardon. The Order is **saying** what it has always said. Mr. Speaker, there is no problem. If the Honourable Member is saying that she requires amendments to some of the narrative and some of these items, let the Honourable say so. The Honourable

Member has come here on the basis of the fees and the Honourable Member has left the people outside of this Honourable Chamber to feel that somehow some strange and new thing has occurred. The fact is, Sir, that **all** we have done is follow what went before. Listen for this, Sir. **This** is **1982**. This is signed by L.B. **Brathwaite** and here is what it says:

"9. Use of hospital vehicles by patients per trip".

That is all it says. It says **\$20** and **\$40** and that is **1982**.

Aside.

Hon. B. M. TAITT: You said not true? Sir, this is the Order.

It says:

"**Use** of hospital vehicles by patients per trip".

You wish me now to manufacture language?

Mr. SPEAKER: The Honourable Member must now recognise that it is not proper to **talk** while the other Member is **speaking**. I am sure you know that.

Hon. B. M. TAITT: Furthermore, in **1982** the, Barbados Labour Party **Government** amended the concept about storage of dead bodies in the Hospital. All they said was storage of dead bodies in the hospital mortuary, **\$5** per hour after the expiry of **12** hours after notification to the next of kin of the availability of the body for release. This is a matter which is proper. It was proper then and it is proper now because if persons, after **12** hours of notification, what used to happen is that the bodies, when the hospital refrigeration would break down, the storage would then be done in the private sector at **\$200** per hour, and rates to that effect.

Aside.

Hon. B. M. TAITT: I agree with you. If we had the money, we would have the crematorium at Bushy Park ever since.

Mr. Speaker, it is not fair but one of the things that the Honourable Member is not aware of is that whereas before the present Order, persons going to the **hospital** as private patients would have to pay for every item they used in the hospital **separately** and would have to pay for literally all of the ancillary services including lab tests **et cetera**. In the present Order these are included as a matter of policy.

Aside.

Hon. B. M. TAITT: The Order never says that. The other orders did not say it either and I am stating categorically that in fact we have agreed that all of these, and this gives an idea, Sir, a specimen comparison of fees paid by patients in private wards. Let me give you an example, 5 days at \$60 per day would be equal to \$300. The cost of drugs and lab tests, and these are actual bills pulled out, amounted to \$757. So the total bill is \$1 057. For the same situation for 5 days at \$150 per day it is \$750. It means that for these same two patients under the old system it was possible that a person could have a bill as high as \$1 057, whereas under the new systems, there will be a flat fee of \$750 for all that they use now. It is like in the Hotel Palace.

8.00 p.m.

Aside.

Mr. SPEAKER: The Honourable Member must control herself.

Hon. B. M. TAITT: It is all inclusive. This is the point that needs to be taken. One of the reasons why they could not collect the fees was because you would have \$6.00 for the lab, \$3.00 for the physiotherapy and \$19 for something else and the processing of this meant that, even though a person might have a bill of \$1 057, the hospital might not collect it. Now \$750 will make you a member.

Present fees – Let us take a specimen comparison of fees by a private patient in a public ward. For three days at \$20 under the Honourable Member, it was \$60.00. The cost of drugs and lab tests would be \$102 and the total bill would be \$182. Under the present fee structure, if the same person stayed, they would pay for 3 days at \$40 which would be \$120. The point is made that under the present fee structure the average person who goes to the Queen Elizabeth Hospital and stays in a public ward as a private patient can in fact get a bill that is lower than it would have been, notwithstanding the fact that the daily rate has been increased. That is a matter of policy.

Aside.

Hon. B. M. TAITT: You do not have to believe it. I do not ask the Honourable Member to believe anything that I have said. It is a policy which can be checked with the Queen Elizabeth Hospital yesterday, today, and tomorrow.

Miss B. A. MILLER: Mr. Speaker, Sir, on a point of order. This statutory instrument says at the end of it "Exceptions for accommodation charges 1, 2, and 3". Nowhere does it say what the Honourable Minister is saying.

Hon. B. M. TAITT: Why don't you find out what 1, 2, and 3 are.

Miss B. A. MILLER: They are here written down and it is not one of those. (1) A mother admitted to stay with her child who was entitled to a reduction equal to 50 per cent of the fees specified in Item 1 of the Schedule. (2) A child born in the hospital is entitled to be accommodated free of charge immediately after birth until discharged. (My God, even on aeroplanes they carry them free!) (3) Where the Hospital's Director on the recommendation of a consultant permits a private room to be shared, each occupant is entitled to a reduction equalled to 40 per cent of the room rate in respect of each day of shared occupancy. It says nothing about these ancillary charges being free. I do not believe him.

Hon. B. M. TAITT: I am telling the House that they are free. I am stating now that these fees are all inclusive. Just to cap this off because I do not think that the Honourable Member wanted to do anything more than to let herself be heard in this matter. The Honourable Member talks about the Accident and Emergency Department. The Accident and Emergency Department of the Queen Elizabeth Hospital has been recognised by experts as being one of the best of its kind and the Hospital itself is now regarded as the best of its kind anywhere in the Caribbean. The Accident and Emergency Department has reduced the wait in the Queen Elizabeth Hospital by two hours.

Aside.

Mr. SPEAKER: The Honourable Member must now wind up.

Hon. B. M. TAITT: Sir, the Honourable Member said that the inclusive rates are not in here. They are in Item 1, Item 6, Items 14 and 16 of the 1992 Schedule. If the Honourable Member would read, she would see that it is there. So that the point is made. If the Honourable Member was not intent on being mischievous, Sir, she would have read this because the Honourable Member is a lawyer and, therefore, knows.

Aside.

Hon. B. M. TAITT: I am being told that I must not stretch the truth, Sir, but I am finishing now. The \$35 million in Health Levy dollars have gone towards the provision of polyclinic services, public health services, community mental health services that are so exemplary...

Aside.

Hon. B. M. TAITT: They are found anywhere you go especially if you need psychiatric care. The Honourable Member may go to the Psychiatric Hospital at anytime.

Mr. SPEAKER: I am not going to allow any dialogues in this Chamber. Each member has an opportunity to speak and will so speak then.

Hon. B. M. **TAITT**: The \$35 million has accounted for the fact that we now train every year 60 nurses and that in this country today the nursing shortage has been eliminated, the material shortage has been eliminated and the services and morale of the people generally have improved. I hope that the Honourable Member will help me with this and that is to keep the delivery of health care out of the political arena. If the Honourable Member finds or any other Honourable Member finds that the Minister is not performing as well as he should, that is reasonable to **raise** questions and even bring resolutions. But I have sought **from** the time that I became a Minister of Health to remove health care from the political arena where it used to be and **it** has not been a political football. I hope that the Honourable Member will join me in not making health a political football. Because when we get the new Angiographic Suite which will be installed this very **year**, this will mean that **all** of those persons who now have to be flown to the United States for **catharisation** or their heart problems will be able to have it done now here in Barbados. We already have our thoracic surgeon outside being trained so that sometime within the next three years he should be doing open-heart surgery at the Queen Elizabeth Hospital. These are some of the things which have led to the capacity of the Queen Elizabeth Hospital to do five transplants, Sir, without any of the sophisticated equipment that can be found in some of the larger countries. We have now performed five kidney transplants in Barbados and we have been successful. All of that has happened because of the rise in the quality of health care which is being supplied and I am grateful to Honourable Members who have allowed health to remain outside the **ambit** of the political football field. I hope that we can continue that way.

I am grateful to Your Honour.

Mr. SPEAKER: The question that this Resolution...

Miss B. A. **MILLER**: Mr. Speaker, Sir, I beg to move at this time that further consideration of this Resolution be postponed.

Mr. SPEAKER: But my understanding is that the Minister has wound up the debate. That is my understanding.

Miss B. A. **MILLER**: Other members want to speak.

Mr. SPEAKER: Reply.

Miss B. A. **MILLER**: You cannot make me reply.

Mr. SPEAKER: I am saying that I **recognise** what you are saying that you have the right to reply.

Miss B. A. **MILLER**: Yes, I have the right to reply and I **am** asking for this matter to be postponed until a later

date. Other members want to speak as well and because the Minister jumped up and responded does not mean that is it.

Mr. SPEAKER: I am not going to allow any members after the Minister has spoken. That is the usual procedure.

Miss B. A. **MILLER**: But it is not fair that the Minister should jump up and **speak** and foreclose on other people. This is Private Members' Business, **Sir**. I am **asking** for further consideration to be postponed.

Mr. SPEAKER: It seems to me that the Honourable Member has the right **from** the advice from the Clerks. So I will allow the Honourable Member to postpone the Resolution.

Miss B. A. **MILLER**: I **am** much obliged to you, Sir.
8.10 p.m.

Hon. B. M. **TAITT**: Mr. Speaker, this is a matter that is critical of the Government and a Minister. I will therefore have the right to wind **up** this debate.

Asides.

Mr. SPEAKER: I am going to entertain the Honourable Member's request to have the Resolution further postponed, but I will also look into the matter in respect of the varying comments being made and I will probably on the next reading give my opinion, but I think I will entertain at this time that further consideration of the Resolution be **postponed**.

Mr. H. **deB. FORDE**: I beg to second that.

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

ADJOURNMENT

Hon. P. M. **GREAVES**: Mr. Speaker, we have been sitting for a long time, we have not had a recess for a long time and it is about time we take our summer recess. It is at this point that we are going to have our usual summer recess, thank God.

Aside.

Hon. P. M. **GREAVES**: That is all right, we can start now. We **can** come back next week for that. As a matter of fact, I want it, because I have a lot to say about you.

Mr. SPEAKER: The House has not yet been adjourned.

Hon. P. M. **GREAVES**: You were a Prime Minister and Minister. I have a lot to say about you.

Mr. Speaker, I move that this House do now adjourn until 20th October, 1992.

Hon. E. E. GREAVES: I beg to second that.

Hon. P. M. GREAVES: Before I sit, Sir, I should just like to thank all those persons, **particularly** all those who attend on these meetings, whether it be the staff of Parliament or policemen, including the reporters, including the Clerks. Thank you, Sir, for your forbearance, your patience and your tolerance in **dealing** with several recalcitrants. All in all, Sir, we have done quite a bit of useful work during this time and I want to include the civil servants who attend here very regularly.

Aside.

Hon. P. M. GREAVES: I thought I had mentioned the police. If I had not, and I **am** pretty certain I had, but if it has slipped me, Sir, for sure the police would necessarily be included in this. There **are** times, too, Sir, when the —sitting, like for this meeting, was suspended, the Mace had to be guarded by the police throughout the days of that suspension. All in all, Sir, I think we had a very useful session and I also want to thank Honourable Members from time to time for their support.

Hon. B. M. TAITT: Mr. Speaker, Sir, in seconding the motion of my colleague, from time to time I perform this role and I would just like to associate myself with the remarks made by my honourable friend.

Mr. H. deB. FORDE: Mr. Speaker, I should like to associate myself **with** the remarks, other than the **recalcitrant** bit of it. I have not seen any recalcitrant members.

I should just like to say that I would hope that when Parliament resumes we should deal reasonably promptly with the Resolution in relation to the West Indian Commission. I estimate that the matter will take about 2 days, because several members on **this** side have indicated their desire to speak on the Resolution. I would therefore urge the Leader of the House that **perhaps** suitable arrangements can be made ahead of time for that Resolution to be dealt with. From now then there will be enough time for us **all** to deal with the CARICOM Resolution. The Report has also been circulated and I believe, Mr. Speaker, members now have a long time to read that Report, but I would ask that if the Leader of the House can give us some indication later as to the specific **dates**, so that that could be factored in.

Hon. P. M. GREAVES: It slipped me to make mention just now, Sir, that when we return we will at that time be dealing with that matter that has been left over. I am referring to the West Indian Commission Report. I would like Honourable Members to prepare themselves. Although we had said earlier it would have been dealt with this week, yet I sensed that Honourable Members were not ready, from what I had heard, but I hope on our return members will be prepared to debate that Report. I am saying now, Sir, that it will be on the Order Paper for the **day** we return. It will possibly take more than one day, if members want to speak, and I also want to state that on our side it will be a free vote. I do not know about the other side, but if there is a vote at all — because we are only being asked to take note — members can speak as they want to speak on this particular matter.

The question that the House do now adjourn until Tuesday, 20th October, 1992 at 12 o'clock noon was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.
8.20 p.m.

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