
THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1994 – 99

HOUSE OF ASSEMBLY

Friday, August 16, 1996.

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Friday, August 16, 1996.

PRESENT

His Honour R. D. MARSHALL, (Deputy Speaker)
Mr. H. deB. FORDE, Q.C., M.A., LL.B.
Mr. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B. (Hons.)
Mr. L. A. WEEKES, G.C.M., J.P.
Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.), (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)
Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs)
Mr. L.R. TULL, Q.C., M.A.
Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)
Mr. J. O. TUDOR, J.P.
Hon. G. W. PAYNE (Minister of Public Works, Transport and Housing)
Hon. R. C. EASTMOND, J.P., B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L. E. C. (Minister of Agriculture and Rural Development)
Dr. R. C. HAYNES, M.B., Ch.B., F.R.C.P. (Edin.)
Mr. D. CARTER
Hon. R. N. GREENIDGE, B.A., LL.B., (Minister of Labour, Community Development and Sports)
Mr. G. A. CLARKE, B.Sc., Dip. Ed., (Parliamentary Secretary, Ministry of Public Works, Transport and Housing)
Mr. J. M. EDGHILL

Mr. F. J. STUART, B.A., LL.M.
Mr. W. C. C. CALLENDER, J.P., B.A., Dip. Ed., B.Sc. (Chairman of Committees)
Mr. H. F. LASHLEY
Mr. D. St. E. KELLMAN
Hon. Miss H. E. THOMPSON, LL.B. (Minister of Health and the Environment)

Mr. DEPUTY CLERK: I have to announce the absence of Mr. Speaker.

Mr. DEPUTY SPEAKER assumed the Chair.

Prayers were led by Rev. Canon Ivan Harewood.

MINUTES

Mr. DEPUTY SPEAKER: Minutes of Friday, 9th August, 1996.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, the Minutes of the 9th August, 1996 have been circulated and subject to any motion for amendment, I move that these Minutes be taken as read and confirmed.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

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

Minutes of August 13, 1996.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I am advised that the Minutes of August 13, 1996 have also been circulated and I move similarly that those Minutes be confirmed, unless there are any amendments or observations thereon.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

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

PAPERS

Hon. R. N. GREENIDGE: Mr. Deputy Speaker, I am commanded to lay the Annual Reports of the **Labour** Department for the years 1988, 1989, 1990 and 1991.

GOVERNMENT NOTICES

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I give notice of the Port St. Charles Development Bill, 1996 and the National Productivity Council Bill, 1996.

FIRST READING OF BILLS

Hon. D. A. C. SIMMONS: I beg to move, Mr. Deputy Speaker, that the Port St. Charles Development Bill, 1996 be read a first time, and that the National Productivity Council Bill, 1996 be read a first time.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

The question that those two Bills be read a first time was put and resolved in the affirmative without division.

ORAL REPLIES TO QUESTIONS

Hon. G. W. PAYNE: Mr. Deputy Speaker, I beg to give notice that the Reply to Parliamentary Question No. 26 asked by the Honourable Member for St. Lucy is ready.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the following Standing Orders be suspended for the remainder of the sitting: 6, 16, 18, **20**, **42(5)**, **43** and **44**.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

GOVERNMENT BUSINESS

Mr. DEPUTY SPEAKER: Government Business is now the order of the day.

ORDER NO. 4 - THE VALUE ADDED TAX BILL, 1996

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, during the course of the next 18 months three major

initiatives will be undertaken by Government that will have a profound bearing on the functioning and the structure of this society for perhaps the next generation. One will be a comprehensive review of the Constitution of Barbados, for which a Constitution Review Commission has already been established; the next will be a comprehensive reform of the public sector of Barbados, for which a draft White Paper has already been prepared for public circulation and discussion; and we are today embarked on the third, a comprehensive reform of our system of indirect taxes.

I choose deliberately, Mr. Deputy Speaker, to seek to cast this debate in the context of the reform of the indirect tax system, although the specific legislation to which the attention of the House is called is a piece of legislation dealing with the introduction of a value added tax. I **seek** to do so, Sir, because we are today embarked on a two-pronged process, one involving the introduction of a new tax, but by the same token, Sir, we are embarked on a process to remove from the statute books of this country a large number of indirect taxes and to replace them by the VAT, which is the subject of the legislation.

I want at the very outset of this debate to get the House's mind fixed not so much on the VAT as a single piece of legislation, but on the essential **characteristics** of the process of tax reform on which we are embarked. The purpose of my short presentation of this matter - and I say **short**, because this matter has been addressed in the Budget, it has been the subject of tremendous debate throughout this country for the last four years - will be to try to set the framework within which the indirect **tax** reform is being undertaken to try to focus the House's attention on the essential features of the **tax** reform, to explain as simply as I **can** why the **tax** reform has become necessary and to give the House some perspective as to what I see as the likely beneficial effects of the **tax** reform process on the economy and the society.

I make the point, Sir, that the preparation of a VAT and the reform of this indirect tax system has been the subject of considerable public discussion and scrutiny for well over three years, and possibly four, and the exercise on which we are embarked is intended at the end of the day to put Barbados in a position where our indirect **tax** system is first of all one characterised by a relatively uniform tax with a relatively low rate, Sir, with a broad base, with few exemptions, one that is relatively easy to administer, one that is transparent, one that is **non-discriminatory**, one that does not create an excessive distortion in its administration and one that does not mitigate against the development of our **exports** nor constrain the expansion of capital formation in the country. Those objectives have been universally agreed by all parties in Barbados as something that we should **seek** to achieve in any process of indirect **tax** reform

that we undertake, that we need to have a simple tax with relatively low rates, a broad base and no exemptions, easy to administer, to assist in promoting equity, competitiveness and capital formation. We can hardly hope for more from a system.

11.30 a.m.

Sir, although there is interest in tax reform the concept of a VAT is one that has excited a lot of concern and doubt, if only because it is unknown, and I would hope to simplify it by simply saying that a VAT is merely a multi-stage sales tax. Members of the House would have been familiar with a single stage sales tax of the 1970s where the sales tax would apply at the retail end, but all of us who are familiar with the process of the functioning of an economy know that economic transactions take place at a large number of stages. You can have a system involving the creation of inputs that are using the production process and you have secondary levels of activity. Then you have tertiary levels of activity, depending upon the specifications of the production process and what a VAT does is that at each stage of the production and distribution process the VAT applies on the understanding that the tax paid on the inputs at each stage is **offset** against the tax chargeable on the output at that stage. Hence the tax falls on the value that is added at each stage in the production cycle. Hence the term value added tax.

Mr. Deputy Speaker, it is a tax that has found favour with a large number of countries and the latest one, I think, makes 60. In the Caribbean, there are now 4 countries, Jamaica, Trinidad & Tobago, **Grenada** and recently Belize that have introduced a VAT similar to the one we propose to introduce today.

From the late 1970s, Mr. Deputy Speaker, there has been a lot of discussion about the appropriate structure of the indirect taxation system that should be applied in a country like Barbados, and the matter of the structure and the function of our indirect tax system has been the subject of scrutiny by some of the best tax experts in the world. It is my information Sir, since I was not here, that as early as 1979, Professor Duke of the University of Illinois was commissioned to undertake an analysis of the existing indirect **tax** system in Barbados and it was his recommendation then that Barbados should join other countries and move towards the introduction of a VAT.

History now will have to show us that that advice was not taken and Barbados embarked on a process of application of indirect taxation which initially sought reliance increasingly on a consumption tax. History will also show, Sir, that the consumption tax introduced in 1980 with a base rate of 5% has systematically been amended over the course of the last 15 years and what was a 15%

rate of tax in 1980 has now come to be a tax regime **characterised** by a tax rate of 21% at the lowest and 89% at the top.

I would like to stress that point, Sir, because essentially what has happened in this country over the course of the last 15 years is that the consumption tax has been increasingly resorted to as a revenue generator with **substantial** increases in the rate of tax on a selective range of goods being imposed to the point where Barbados had one of the very highest rates of consumption tax to be found anywhere in the world.

We have now, Sir, a consumption tax system with a rate of 21% at the lowest and a highest rate of 89% and in between those 2 rates there are 25 separate rates of consumption tax so that you can immediately begin to get a feel for the administrative horrors that must attend the management of a fiscal system that is characterised not only by such steep rates of taxes but by such a multiplicity of taxes.

It should also be brought to the House's attention, since it is entirely relevant, that there are a lot of anomalies in the existing consumption tax such that commodities that are classified in the same way may or may not be subject to consumption **tax** and one particularly has to be shower heads **where** you have a low pressure shower head not subject to consumption tax but high pressure shower heads being subject. Clearly, a tax system that can make such a fine distinction between a low pressure shower head and a high pressure shower head and can subject one to tax and not the other is one that has entirely lost its way.

I should also stress that not only has Barbados increasingly come to rely on high consumption taxes with many rates applied in an archaic fashion on a limited range of goods but that a stamp duty on **extra-regional** imports as in the period between 1980 and 1995 has been also applied and has been substantially increased by successive Ministers of Finance over the period, leading to a stage where, as I speak to you Barbados has a stamp duty system on extra-regional imports featuring a rate of 20%. The summary of all this is that as a consequence of the combination of these various taxes several imported **extra-regional** commodities now fetch taxes and duties in excess of 100% of the value of the commodity and the consequence of this excessively high rate of taxes on a few commodities have been fairly adverse for the economy.

To begin with, there can be no doubt, Sir, that this high rate of taxes has driven a lot of this Barbados economy underground and I would like to cite some of them. You have hair care items where the effective rate of tax now is over 120%, deodorants - 100%, clothing - 114% and so on. A large number of people in Barbados, Sir, choose rather to buy these things abroad and

seek to take their chances with evading the customs systems rather than buy these things in Barbados purely because the rate of tax is too high.
11.40 a.m.

Equally, Sir, the very high rates of indirect taxes have undoubtedly been a factor in increasing the cost of doing business in Barbados, and has been a consideration in making Barbados' production somewhat uncompetitive.

The nature of the existing indirect taxes as well, Sir, has led to a phenomenon called "cascading" where a **tax** is paid on a tax. In the Budget presentation I used the case of cement where a consumption tax is charged on cement as a commodity, but the consumption tax is also charged on a cement block, and therefore consumption tax on a cement block is also paid on the consumption **tax** on the cement. That has had a very substantial bearing on the cost of production in Barbados and has also, I daresay, Mr. Deputy Speaker, adversely affected the capacity of this country to export. In many instances, local manufacturing production has had to translate cascading indirect taxes into increased prices.

The system is broke, Sir. I can put it no more simply nor, certainly, no higher than that. Our indirect taxation system as it presently exists is dysfunctional. It is a system with massively high rates of tax charged on a few goods. It is a system, Sir, that is very difficult to administer because very often artificial distinctions have to be made between various goods in the application of **tax**. It is a system of tax, Sir, that leads to economic dysfunctions, in the sense that we impose taxes on our exports, which is exactly what we do not want to do, we impose taxes on investment activity. When we reach the stage, Sir, when all of those combinations and features can be found in our indirect taxation system, the time has come to fix it.

The attempt to try to fix this indirect taxation system, Sir, predates this administration. I want to thank those on the Other Side who have made their contribution to the development of the methodologies, the putting in place of the systems that have allowed us to come to this stage today where it can be introduced. I want to thank the Members of the Democratic Labour Party administration, Sir.

Sir, I want in this debate to say very early that in Opposition I supported the introduction of VAT. I support the notion that we should have an indirect **tax** system, with a uniform tax, low rate, broad-based, few exemptions, easy and transparent to administer. The Democratic Labour Party, Sir, in Government, supported the introduction of a VAT and they went to great lengths between 1992 and 1994 to make it possible for us to reach this stage.

I want in this regard, Sir, to draw the House's attention to the fact that a lot of the work, the intellectual work, that was done towards preparing the way for VAT to be introduced into Barbados was under the auspices of a Technical Cooperation Agreement with the then administration, the Government of Barbados, Sir. I need also to draw attention to the fact, Sir, that as far back as 1993 a Value Added Implementation Unit was established as a separate and distinct Unit within the Ministry of Finance and Economic Affairs, that was in August 1993, and that 4 local officers were recruited in February of 1994 to work with a succession of consultants in the VAT Unit.

They worked, principally, on policy matters, the preparation of the law, computerisation of the system and the organisation of management of the VAT when introduced. I also need to bring to the House's attention, **Sir**, that the intellectual inputs into the designing of a VAT for Barbados were, once again, secured from Professor Jule of the University of Illinois, who would have already in 1979, made recommendations regarding an appropriate system for Barbados and who between 1979 and 1994 would have gone on to acquire even greater knowledge in the design of VAT systems for this country.

I should also mention as well, Sir, that expertise, high level, high quality expertise from within the region was secured, persons who have had knowledge in the design and establishment of VAT in both Trinidad & Tobago and Jamaica, and I would refer the House to Mrs. Christian who had done yeoman service in Trinidad & Tobago and was the first Commissioner of the VAT in Trinidad & Tobago, her services were secured and Mr. Dudley Smith of Jamaica, who had similar expertise in designing the VAT system in Jamaica. They were contracted to assist the Government of Barbados in putting a VAT in place.

I say all that mainly to say, Sir, that no sensible step was missed, and no opportunity was avoided to ensuring that the design and the structuring of a VAT for Barbados benefited from access to the very best expertise internationally, and benefited from access to relevant and seasoned experience from persons who had gathered such experience from functioning within the region.

I must also say, Sir, that the VAT, in the process of its design, went through a number of phases where it exercised the attention of Cabinet. In September of 1993, the then administration considered the outlines of a VAT structure and agreed, Sir, to a number of **fundamental** decisions pertaining to the eventual structure of a VAT. For example, they agreed that the VAT should be an invoice-based VAT, that all goods and services should be taxed at a single standard rate, except those specifically zero-rated or exempted, Sir. The then Cabinet in 1993 also determined that visitor expenditure covered by the duty

free scheme should be zero-rated, that the offshore sector should be zero-rated, and that only certain items should be exempt, including banking and insurance and the like.

Then they had another shot at it, Sir. In June of **1994** a more comprehensive presentation was put to the then administration, and some **40** specific decisions were taken, among them the question of the registration threshold, below which a VAT could not be charged, among them, Sir, the question of the rate, the treatment of tourism and the like.

I would just want to say for the House's benefit, Sir, that the Draft Bill that has been circulated for public discussion since August 1995, was a Bill that effectively incorporated the decisions of the Cabinet of September 1993 and the Cabinet of June **1994**. I want to be very careful about that point, Sir.

Asides.

Rt. Hon. **O. S. ARTHUR**: Mr. Deputy Speaker, what we are going to discuss today is a final draft that incorporates decisions of the Cabinet of this administration and that, in fact, Mr. Deputy Speaker, Sir, substantially changes important aspects of the proposed VAT in a manner that we do feel, Mr. Deputy Speaker, will be of greater benefit to the economy. I want to stress that point, Sir, because I can see the Member for St. Michael West, who, after 25 years seems not to have learnt parliamentary wisdom, and who seems to want to be misled by the impressionist of St. Michael South Central.

Asides.

Rt. Hon. **O. S. ARTHUR**: I want to stress the point, Sir, that what has been out on the road has been a Draft Bill that has captured the decisions of the previous Cabinet, and what we have done is that we have allowed the Draft Bill a full year to be appraised by the public. We have had a series of public seminars, conventions, so that all likely to be affected by the VAT could make an input to it.

Asides.

Rt. Hon. **O. S. ARTHUR**: Mr. Deputy Speaker, Sir, I told you that the Member for St. Michael West has not yet learnt wisdom. After 25 years, Sir, he wants to behave as if he is a clown prince of Parliament, and I would wish, Sir, he would just go into his role.

11.50 a.m.

What we have had, Sir, is a process of intense public discussion on the VAT. We have introduced changes such that what is to be considered in this House is essentially different in some important dimensions from what was initially conceived of.

I want, Mr. Deputy Speaker, to use that as the line of departure in trying simply to get the House to understand what we **are** seeking to achieve from this process of indirect tax reform as represented in the final draft before Parliament.

There were a number of key issues, Sir. One is – should the VAT and the process of tax reform be revenue neutral? If I may explain that, should the VAT and the excise tax that goes with it bring in or be designed to gamer revenues equal or equivalent to those that would have been yielded by the taxes that were given up? The draft legislation incorporating the proposals of the Democratic Labour Party was structured on the presumption that the VAT and the indirect tax reform process, of which it is fundamentally a part, should be a revenue neutral approach to tax reform, namely, that the VAT and the excise tax should give rise to the same revenue as the taxes to be given up. That was the policy, Sir.

Our policy, as represented in the existing legislation before Parliament, is that given the fact that we all agree that the level of indirect taxes in Barbados is too high, a revenue neutral approach to tax reform would merely institutionalise the *status quo* and that we should therefore use tax reform as a process not only of simplifying the tax system but bringing some measure of tax relief. I want to stress that, Sir, because the essential difference between what was proposed and what is now before Parliament is that some element of tax relief has been built into the structure of the tax rates.

The policy issue, therefore, which arose is that if we agree that there should be some element of tax relief built into the process of tax reform, to whom should the tax relief accrue? Our view and the policy of this Government is that any tax relief that is built into the process of indirect tax reform should redound to the main export sector of Barbados, tourism, which has more than any other sector been the victim and has laboured under excessively high rates of taxes on its inputs.

Mr. Deputy Speaker, there is absolutely no doubt in our minds that Barbados has had a grave difficulty **attracting** new capital to tourism because the rates of returns realizable by potential investors in our tourism investment are either too low or uncompetitive and certainly cannot compare with what potential investors could realize if they were to make equivalent investments in other places in the world. It was our determination that a process of indirect tax reform should address itself to one of the most contentious matters in the administration of taxation in this country, namely, the impact of a high rate of indirect taxes on the most important sector of the economy.

As a result, Sir, one of the fundamental differences between what was proposed and contained in the Draft Bill that was circulated a year ago, and what is now contained in the final Bill before this Parliament, is the provision that rather than have the tourism sector treated **as** an exempt sector, and I will explain that in a minute, Sir, the sector should be charged a lower and concessionary rate of **7½** per cent **as** compared to the 15 per cent that is to be applied on all other goods and services subject to a VAT.

Now, Mr. Deputy Speaker, when a sector or activity is exempt from VAT, it does not charge a VAT to the consumers of the service but the sector has to absorb all the VAT paid on the inputs that it uses so that to exempt the tourism sector was not to do it a favour but **was** to tell the tourism sector that it cannot charge a VAT on the hotel accommodation. In the process the sector and the operators in the sector would not be in a position to offset the input taxes against the tax they charge their customers. They would have to absorb it.

The determination of this administration, therefore, to **treat** tourism as a special case is now represented in our enabling the sector to charge a **7½** per cent flat to its customers for hotel accommodation on the understanding that the sector will be able to offset the input taxes that it pays against the **tax** it charges its output.

It will all lead to a situation, Sir, in our judgment, and by the best calculations to which we have access that the sector rather than having to absorb \$35 million in taxes will be subject to some refund. We feel that at this juncture where the tourism sector of Barbados can go forward, that giving the sector that special status in a process of **tax** reform is to try to underpin the competitiveness of the Barbadian economy in so far as we are **buttressing** the fortunes of the most important foreign exchange **sector** in the society.

It is a deliberate policy decision, Sir. It is a fundamental difference between what was proposed and what is now before Parliament. I **am** seeking the support of Parliament for this particular matter. I am seeking it because I have heard noises coming from the Other Side that the tourism sector should not be exempt. I think it would be a fatal mistake to continue to ask the tourism industry to carry input taxes without the ability to offset them.

It will mean that the sector would continue to wallow and only be able to find niches in certain high quality **up-**market parts of the industry, and we would never **be** able to have a process of sustained investment or sustained growth taking place in the tourism industry in Barbados. In-so-far as a large part of our future **as** an export service economy depends upon a vibrant and competitive tourism

industry, I feel the **policy** of this administration squares with the appropriate development strategy that Barbados should be carrying out at this time and for the foreseeable future.

Mr. Deputy Speaker, when you analyse the **final** Bill that is before Parliament with that circulated for public appraisal, you will notice a large number of very important adjustments that have been made. We have made a decision to **zero-rate** crude oil imports. The VAT will broaden the range of services that will now be subject to a tax. Utility services will now be subject to a VAT of 15 per cent and, therefore, we should structure the VAT so that the cost of the inputs to the utilities should be sufficiently low that the VAT itself should not impact adversely on final consumers nor the productive sectors. We have, **between** August last year and the introduction of the VAT to this House, made a very deliberate decision to zero-rate crude oil.

We have also agreed, Mr. Deputy Speaker, since we are going to be subjecting the utility services to a VAT at the final end, that we will honour the existing situation where the inputs used by **BarTel** and the Light and Power Co. will be zero-rated as well, **all** with **the intention** of making sure that the VAT impact on utilities to the productive sectors and the public at large is not as adverse if these provisions were not put in place.

12.00 noon

Now, Sir, that is a very important initiative which can only beneficially impact on consumers and the productive sector.

We have also, Mr. Deputy Speaker, agreed that concessions granted to fiscal incentives companies should be extended. Companies would have been established in Barbados under the auspices of fiscal incentives legislation on the understanding that the inputs would not be subject to duty or taxes and we have now incorporated into the VAT the important provision that those existing concessions to manufacturing companies operating under fiscal incentives will be extended.

We have also made sure, Sir, that concessions to offshore companies should be extended and that, for **all** of the companies in Barbados in the offshore sector that have come to this country on the understanding that they would enjoy a tax regime reflecting a no tax regime on their inputs, that regime should be put in place.

We have also, Mr. Deputy Speaker, **as** I said earlier, determined that accommodation provided by hotels should be subject to a **7½%** tax rather than be exempted thereby ensuring that the sector will get refunds rather than have to absorb all its input costs.

I believe there was, and I am speaking here now from memory but we have structured the tax in such a way that transportation by tour buses also should be exempted.

Mr. Deputy Speaker, the legislation that is therefore being introduced to this House simply says a number of things, that there should be a VAT of **15%** charged on goods imported into Barbados and on goods and services except in instances where there is specific provision for goods to be zero-rated or except in specific instances where there is provision for goods to be exempt. Where a good is zero-rated, Sir, no **tax** is charged on the final output but the producer is entitled to a refund of all taxes paid on inputs, so a zero-rated good or service will allow the producer to be able to claim a refund for all the VAT paid on its inputs. Where a good is exempt the producer does not charge a VAT on his services or his good but he or she has to absorb the input charge on his inputs.

Mr. Deputy Speaker, Sir, I would draw the House's attention specifically to the various schedules of the Act because in the various schedules in the Act provision is made to outline those goods and services and supplies which will be either zero-rated as defined or exempt. The first schedule deals with zero-rated supplies and as you will see, Sir, the goods that will be zero-rated include the supply of goods for exports – no country should seek to charge a **tax** on an export, Sir – the sale of goods to the duty free sector, the supply of international trade services, the supply of services to international commercial ships and aircraft, the supply of a service for consideration that is payable in foreign currency to an unregistered non-resident person, international telecommunications services to telecommunications carriers outside Barbados, livestock, poultry, bees, fish and other plants and foods for human consumption or for animal feed and the zero-rated inputs of the agricultural sector, Sir. I want to stress, Sir, we are going to charge a tax on food output but we have zero-rated the input.

We are also zero-rating prescribed goods for commercial fishermen who are certified by the Minister responsible for fisheries; we want the fishing **industry** to thrive and we have zero-rated its inputs. We are zero-rating the supply of drugs and other related items used by the Barbados Drug Service because we have a duty to ensure that the VAT has socially beneficial effects.

We are zero-rating books to be used for educational, scientific, cultural or literary purposes as approved by the Ministry of Education. We are zero-rating unconditional gifts or goods or services to a charity. Obviously, Sir, nobody wants to impose taxation on charitable causes. We are zero-rating crude oil for the very reason that I have explained to the House which I think is necessary and important. We are zero-rating that portion of an international **package** tour that does not relate to travel to

a foreign **country** by sea or by air, one of the conditions built into the new legislation arising from consultations.

Among some other aspects, Sir, services are going to be **exempt**; that is where no services will be charged but the provider of the service will have to absorb the tax on inputs into things such as financial services.

The Member for St. Michael South Central, Sir, is asking me what would be his status. He is asking me that through you. All I am saying, Sir, is that I do not want him to charge his patients a VAT. I do not want him to go out and tell his patients that he is increasing his already high fees. I want him to know, Sir, that I am not allowing him to go and say that he is proposing to increase his already excessively high fees to his patients.

Dr. R. C. HAYNES: On a point of order, Sir. If any one listens to the Honourable Member I believe he should try and avoid misrepresentations of that nature. There is no one who can say that my fees are excessively high.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I was just trying to get the Member for St. Michael South Central not to interrupt me because I will not interrupt him when he speaks. This is a debate that I hope will allow us to focus.

Sir, the financial services will be exempt and so banks will not be able to charge a VAT on their services but will have to absorb any input taxes on the purchases that they consume, and similarly with the sale of real property, rental of dwelling houses, lease of property for at least **25** years, leases or licences for farm **land** used for farming, a supply of goods and services made by a **condominium** corporation to the owner or occupant. Sir, there will be no VAT on water. There will be no VAT on postal services, Mr. Deputy Speaker. There will be no VAT on goods or services by charity where those services are not made on a regular basis. Medical, **dental**, nursing, midwifery, paramedical or other services performed by persons registered under the relevant Act will not be subject to a VAT.

12.10 p.m

That is why I was inferring to the Member for St. Michael South Central that his services will not be the subject of a VAT. Supplies by a public hospital, the ambulance services...

Aside.

Rt. Hon. O. S. ARTHUR: . . . but you are already paying indirect taxes on those and in many instances the indirect taxes now will be less than those that you are now having to pay. The provision of educational and instructional materials by an educational

Sir, the VAT Unit and the Government Information Service, who have tried to spearhead a public education programme, have come under some criticism, some of which I think has been a bit unfair, because until Parliament has determined and settled precisely the structure of the VAT, it would have been hazardous to go out and try to sell something which was uncertain. Therefore, there was a gradual build up in it where the focus was on more conceptual issues, but there are some people in Barbados who will not come to any of the seminars, will not listen to any of the presentations, will not go to Dover when a convention is organised to involve people in the process, have never themselves read the Act, have no interest in reading the Act, but believe that they have a natural right of instant enlightenment.

I want to commend the political parties of Barbados, all, and the branches in particular, that have gone out of the way to invite members of the VAT Unit to come to their meetings, and to interact with the rank and file to try to explain what this is about. Those entities had a desire to be able to discuss an important initiative in a structured and enlightened way. I have to thank all of those civic groups that have genuinely gone out of their way to try to get information about this matter and to try to discuss it not from the point of view of casting doubts merely because there is change, but discussing it within the context of certain knowledge of what we are embarked upon. There has been that positive attitude on the part of some segments of the society. There are others, however, who would like to take advantage of this **society's** natural fear of change and who themselves have made absolutely no effort to enlighten themselves or to be enlightened, but want continuously to issue carping criticisms particularly in the direction of those public officers who have very often. . .

Dr. R. C. HAYNES: On a point of order, Mr. Deputy Speaker. I believe the Right Honourable Member has a duty to let the House know exactly whom he is talking about.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I am talking in particular about the Leader of the NDP who has issued a large number of misguided, uninformed, unenlightened backward statements about the VAT with a view mainly to reinforcing his status as the chief impressionist in this country, who is never interested in giving the full facts. I am speaking about the Leader of the NDP, the Honourable Member for St. Michael South Central.

Dr. R. C. HAYNES: Mr. Deputy Speaker, is this the same Leader of the NDP he was just congratulating a few minutes ago?

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I said the branches of the parties. The NDP is like a tree without

branches. It has a trunk and a **trunk** alone. It has no branches.

12.30 p.m.

Dr. R. C. HAYNES: Just to correct the record, Sir. The Honourable Member is simply not telling the truth.

Rt. Hon. O. S. ARTHUR: Sir, it is a matter of fact that the Leader of the NDP, the Honourable Member for St. Michael South Central, has gone on a campaign which is, in my judgment, a campaign of mis-information. As I said, there will be winners and losers, but he has sought to inspire a lack of public support for the introduction of this system of indirect **tax** reform. Mr. Deputy Speaker, he and his acolytes have gone on a process of public misinformation designed to undermine public confidence in the new **tax** system without giving the system a fair chance to prove itself.

It is very easy Mr. Deputy Speaker, in situations where, as I said, there will be winners and losers to focus selectively on those instances where the VAT may have an adverse effect and not to give the public the full benefit of a balanced appraisal of what this whole **process** is about. I must speak, Sir, about the Leader of the NDP because he more so than any other politician in the recent history of Barbados has cited the need for the indirect **tax** reform system of Barbados to be reformed. He comes to this House in a most **Reaganesque** fashion, meeting after meeting, and **speaks in** terms of a reduction in the rate of taxes as one of the critical and necessary exercises that must be put in place in order for us to create an environment in Barbados conducive to sustained growth and high levels of investment. And we agree with him, Sir.

We agree that the existing structure of indirect **taxes** has buried a lot of business and investment and all we are seeking to do is to put in place a system that has precisely the characteristics that the Member for St. Michael South Central says that a **tax** system should have – a broad base, lower rates easy to administer, non-discriminatory against investment and -exports. Yet he would want to tell the public that there is something wrong with the system. That is why I am speaking up front in this fashion. It is a matter also for him because he is one of the people. The effort of people over an extended period to give of their very best to change a system should not be allowed to flounder because of misinformation coming from certain impressionist quarters.

I want also, Mr. Deputy Speaker, to say that a spokesman on behalf of the Democratic Labour Party has introduced the notion of a 10% VAT as an alternative while retaining the exempt status for tourism. I am not here in a patriotic mood, but I would say that at no stage was a 10% VAT ever discussed or decided upon by the DLP.

That is a post-1994 position. Even when there was minimalist government in the Democratic Labour Party there was no such thought given to that matter.

Mr. Deputy Speaker, the reality of the matter is that as a substitute to giving relief to tourism, it would be very difficult to accept it as a trade off because all of us agree, Mr. Deputy Speaker, that unless we get the tourism industry in Barbados functioning at its full buoyancy and in keeping with its fullest potential the overall economic prospects for all of us are not going to be as rosy as they could otherwise be.

I have heard the position of the spokesman for the DLP and I recognise in it implicitly a continued acceptance of the position of a VAT in Barbados but the Government is in no position to accept it because as a trade off it is not superior to what is being here contemplated. We have had the benefits of comments from both sides of the House. The spokesman on the part of the DLP said that we were too slow in introducing it. The spokesman on behalf of the Democratic Labour Party says that we should have taken our time and spent more time on it. We have tried to be as judicious as possible and I am now satisfied, Sir, that the conditions under which I said that I was prepared to introduce a VAT into Parliament have been met.

The Bill has been under discussion for 4 years. The Draft Bill has been before the public for a full year. There has been a vast amount of comment on it that the Government has sifted. We have accepted some of the inputs and there are others that we have not been able to accede to and what we are bringing to Parliament is, in our judgment, in the final analysis, a VAT structured on the principles that we feel should inform the process of tax reform: a low rate of tax, a simple system, a broad base of application, few exemptions, preferential treatment for our export sectors, preferential treatment for agriculture, adequate protection for those in need, the social sector, charitable causes. I give the House the assurance arising from the undertaking I made in my budgetary presentation to analyse the way in which other countries that have introduced a VAT have sought to shield the poorest of its society from the impact of VAT, that the study is on the way and by January 1st when the VAT is introduced the Government will announce the specific measures that will be put in place to ensure that the poor and the pensioners of Barbados do not have to face any adverse consequences from this legislation.

We are sensitive to the consideration that all indirect taxes, not just the VAT, but all indirect taxes, have an inherent element of regressivity built into them. I feel that this job has been comprehensively done, Mr. Deputy Speaker, and against this background commend this legislation to Parliament and beg to move, Sir, that this Bill be now read a second time.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

Mr. F. J. STUART: Mr. Deputy Speaker, I intend to be very brief. It is the very first time since I have been in this House that I feel completely preempted by the spokesman on the Other Side, the Rt. Honourable Member for St. Peter. I don't think that I could have encapsulated the role of the Democratic Labour Party Government as lucidly and with the conviction that he musters. I feel completely grateful. He has made my task quite easy and any attempt on my part to traverse the territory which he so adequately traversed could only be barbaric by comparison so I shall not attempt it.

I have never witnessed a more tortured presentation from the Rt. Honourable Member than I witnessed in this House today. As he spoke, I had the picture of a wrongdoer desperately in search of an accomplice and he smiled whenever he talked. He had found an accomplice in the Democratic Labour Party.

12.40 p.m.

Rt. Hon. O. S. ARTHUR: On a point of order. Mr. Deputy Speaker, Sir, I was smiling all the time because the only rounders are on the Other Side, Sir.

Mr. F. J. STUART: The facts are, Mr. Deputy Speaker, Sir, notice of this Bill was given just one week ago, and it was read for the first time on that day. We are debating today a Bill with 111 Sections, I believe. There is, therefore, some urgency about the introduction of this legislation. I sought to find out where the cause of the urgency might reside.

The Barbados agreement with the Inter-American Development Bank as a pre-condition of the drawing down of the second tranche, stipulates that a VAT must be in place. Perhaps that is the sense of urgency spoken of by the Honourable Member for St. Peter. If that is the urgency, the Member can rest assured that it is a non-urgent urgency because if they can have this in place to meet the second draw-down of the second tranche – we have not drawn down the first yet. So I do not understand what the urgency is about.

Mr. Deputy Speaker, the reality is, that we are here discussing not political voluntarism, but we are discussing economic inevitability, a requirement imposed on Barbados by the Inter-American Development Bank. That is a fact beyond contest.

The speech delivered by the Honourable Member today is really a rehash of the speech he delivered in this House on May 21, this year, when he delivered the Budget and when he set out the rationale for VAT, and tried to defend the Government's decision to introduce it.

Apart from the embellishments, which adorned the speech today, relating to the Democratic Labour Party, it is a speech he made earlier this year.

We accept the Government's intention to introduce a Value Added **Tax** in Barbados. We understand the Government's thinking and the Government must be assured that it does not need an accomplice in this matter. Great men are judged not so much by what they achieve but by what they had the courage to attempt. In the event that the fall out from the introduction of this legislation is negative, the Honourable Member for St. Peter can take consolation from the fact that he had the courage, the loftiness of spirit, to introduce this legislation to the House. He does not need an accomplice in the Democratic Labour Party.

We wish the Government well, and we hope that the objectives which the Honourable Member for St. Peter and Government have set themselves will be achieved. As long as there are benefits to accrue to Barbados, we readily identify ourselves with the Government's efforts.

I believe that in May, when the Honourable Member spoke in the Budget, he did advert to a study of the effect of the development of a basket of items, and he said then that it is probable that a small savings will be realised to the consumers as a result of the introduction of a VAT. We hope that he is right on that. We note the word "probable." I believe the Honourable Member for St. Thomas can tell the Honourable Member for St. Peter that lawyers understand the word "probable" to answer the question, "is it more likely than not?" We hope that it is more likely than not that the consumers will benefit, or certainly will not be disadvantaged, by the introduction of this legislation.

We understand the thinking, we understand all that the Honourable Member has said, and we wish him well. Between now and January 1 there is likely to be a period of calm in Barbados, and once the legislation takes effect then all 3 Parties will have a chance to determine whether what has happened, has happened for the benefit of the consumer, and all the other participants in the system or not.

So, Mr. Deputy Speaker, I do not have too much to say until then. As I said, the Honourable Member preempted me by putting, fully, what he thought should be the case of the Democratic Labour Party. I am not going to stand here and **try** to contradict him. If he believes that the Democratic Labour Party's case is better put from that side than from this, with him I shall have no quarrel, but a day of reckoning will come and I hope to be around when that day comes.

I am obliged to you, Sir.

Dr. R. C. HAYNES: Mr. Deputy Speaker, this rather large Bill which we have here before us, represents a piece of legislation which is going to affect the lives of every single Barbadian. It is my belief that when netted out, the majority of Barbadians would be adversely affected by this particular piece of legislation no matter what the Honourable Member for St. Peter says.

What he has very carefully avoided, is to let the public of Barbados know that whereas there are some goods in Barbados which would attract a lower level of taxation, at the same time and for the first time in Barbados, there is a very wide range of services which people require, often in an obligatory manner from day-to-day, on which, for the **first** time, taxation will be payable. So when you take the global effect of the taxation on goods and services, I have doubts, serious doubts, whether or not the tax at the present level would in fact result in a reduction in indirect taxes.

Now, Sir, I wish to make it clear where I stand philosophically on the issue of taxation. I have taken this position throughout my entire public life that I have no intention of reneging on that position. I believe that it is important to maintain a relatively low level of taxation in any society if we are going to achieve the maximum benefits for all the people, and achieve appropriate levels of economic growth.

I also believe that there is a case, and a soong case, to promote the indirect tax component of taxation. I have no problem with that. I also believe that within that context, that the regressivity inherent in indirect taxes could be minimised or reduced to some extent. I am disappointed, quite frankly, and I hope that we will have amendments to this particular piece of legislation, in the not too distant future, where there would be exclusions, exemptions, or zero-ratings in relation to areas of taxation which affect the poorest in the society. That is my philosophical position. Yours might be different. I will develop this later on as I speak.

What I am saying is that there are areas, I believe, where it is possible to reduce the extent of the **regressivity** of any indirect tax system. This is where I thought would be the principal challenge facing the present Minister of Finance, not the sterile following of VAT systems that have been introduced everywhere, elsewhere in its entirety, but to seize the moment to bring this kind of new conceptualisation to our indirect tax system.

I cannot help, Sir, but noting 1 or 2 things. We have had 2 recent televised debates in this Honourable House, and it is significant today that the most important piece of legislation since the Budget does not attract the television cameras for obvious reasons, for very obvious reasons.

I would hope that they will, at least, somebody on the Other Side...
12.50 p.m.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, on a point of order, lest the Member misleads the House. I am not aware that the Honourable Member for St. Michael South Central has asked, or had asked, as was his right, for this debate to be televised or any ruling made to stop it from being televised. Any Member of Parliament who wants a debate televised is in a position to do so. If he did not ask, Sir, we just had two debates televised one after the other and it really is part of the image of **grandstanding** that he did not ask for it to be televised and now to make an issue of this is very, very poor.

Dr. R. C. HAYNES: Mr. Deputy Speaker, I have heard the Honourable Member. I did not ask, I have never asked and I am never told when any debate in this House is being televised until I come in here.

Mr. DEPUTY SPEAKER: The Honourable Member could you please give way for a second? I just want to draw to your attention that when the House has to debate any issue which, I believe, the Leader of the Opposition or any Member of Parliament believe that there is enough that the public wants to see, the Speaker is written a letter and that decision then is discussed between the Member who asked for it as well as the Leader of the House. Then I do believe the permission of the Speaker will be granted.

You may continue.

Dr. R. C. HAYNES: Thanks for informing me about a matter I knew about for 20 years. It is very nice of you.

Mr. Deputy Speaker, I still would maintain that I felt it was the duty of the Government to ensure that the people, since the entire society, all 250 000 plus of us would be affected in one way that they should, at least, have the opportunity to listen to a debate in which they are interested.

The second point I want to make is this, Sir. I think it is only poetic justice that it should become the responsibility of a Minister of Finance in a Barbados Labour Party Government to tell the whole world how unjust, how wicked, how discriminatory, how awful an impact a whole range of taxes had in relation to economic development when, in fact, each and every one of those taxes was introduced in this Honourable House by a Barbados Labour Party Minister of Finance . . .

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on a point of order. The first time consumption tax was introduced in here was under the Democratic Labour Party

before 1976 that the Honourable Member for St. Michael South Central then boasted that he was the second most important man in Barbados.

Dr. R. C. HAYNES: Mr. Deputy Speaker, I would hope that the Honourable Member would not anticipate me as I make my point.

The point I am trying to make is this that when those taxes were introduced, they were introduced with the same kind of high flown language, the great things they would do for the people of Barbados, how awful other taxation was and what a wonderful thing this was for the people of this country, as we heard today. The reality is that broad-based consumption taxes were first introduced into this country in the Budget of 1977, or 1978, one of those two Budgets.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. The Honourable Member is misleading the House. The broad-based consumption tax really was introduced a decade later in the Budget of 1987 when it was extended to CARICOM goods and the rate substantially increased in such a way as to yield what was then and still now is the biggest rate of tax increase ever in the history of Barbados by no other than the present person speaking, the Member for St. Michael South Central.

Dr. R. C. HAYNES: Those broad-based consumption taxes were introduced in this House in the Budget, I think it is 1977 or 1978. The broad-based *ad valorem* stamp duties were introduced in this country by the Barbados Labour Party along with the levies and a whole range of taxes so that a lot of the stuff that they are abolishing today, in fact, were taxes imposed by the Barbados Labour Party, but I do not want to spend the limited time I have on that particular area.

I would have hoped, Sir, that today we would have seen certain fairly fundamental things addressed in this particular piece of legislation. I think, for example, that the small hotels in Barbados should probably be excluded from the VAT system all together because although they will be paying a reduced rate of taxation, nevertheless they will have to pay the VAT on their inputs. One of the major problems they have relates to the whole question of cash flow for the small hotels. I believe they should just continue to collect the 7.5 per cent or whatever it is as they collect the sales tax now and not be involved in it at all. They should be excluded. I use the word "excluded" because I do not want to get caught in the use of the word "exempt" which has a specific connotation in relation to the VAT.

I thought I would have heard today that an attempt would be made to make sure that there is some

relief in relation to the VAT that people have to pay on their electricity bills and telephone bills, but we have heard none of that. What we have heard and what we are asked to congratulate the Minister of Finance on is that there would be a zero-rating on inputs, on petroleum products and what's not, as far as the Light and Power is concerned, and other capital goods in relation to **BarTel et cetera**.

I believe, Sir, that working together with the Welfare Department, and this is what I mean when I talk about a reduction in the level of regressivity of indirect taxes that our old people, our pensioners should be exempt from the paying of these taxes on their telephone and electricity bills. I think it is easy to identify such households. It is easy to identify such persons since they all have ID numbers and, therefore, I think they can be helped in this way.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, the Honourable Member is misleading the House. He is accusing Government of not addressing this particular matter which I did not only address in the Budget but I referred to again today that we are going to be, on January 1, after the study has been done to **ensure** who we are targeting properly, putting in place a system to relieve pensioners and other indigent persons in Barbados from any adverse consequences of the VAT. It is really an attempt to mislead the House for the Member to accuse the Government of precisely what the Government intends to preempt.

Dr. R. C. HAYNES: Mr. Deputy Speaker, I am speaking to a Bill that is before the House. I see nothing of that nature in this Bill. I cannot anticipate the House under the rules of the House and therefore I will speak to this Bill which is before me in accordance with the rules of the House.
1.00 p.m.

The second point I want to make, Sir, is this. I have written the Public Utilities Board on behalf of the people of Barbados and I have drawn to their attention that as a result of the introduction of VAT, despite the fact that a significant proportion of their capital inputs are already not subject to taxation and even now it would be zero-rated under this particular arrangement, my own view is that there is still a sufficient area of benefit to those companies where a study needs to be done to ensure that the rates charged by Light and Power and by the Telephone Company that those rates are reduced in order to reduce the impact of the VAT on the people of Barbados.

I have received a reply from the Public Utilities Board to the effect that they have started to look into the particular matter and I do not know how far they have got with an examination of the matter. I want to assure this Honourable House that if this matter is not dealt with

speedily by the PUB then we will have no difficulty in the National Democratic Party of seeking to have a formal rate hearing address this particular matter and see whether or not we cannot try to reduce the price of electricity and telephone to small people in Barbados by securing a reduction in the rates.

We cannot do anything to stop the Minister of Finance from slapping on a 15% tax on their electricity and telephone bills. We have pleaded with him. We have urged him not to do it. We have begged him not to do it. Our words have fallen on deaf ears and therefore we have taken the other route we are going to the Public Utilities Board where there are legal precedents to follow and if we can demonstrate that there is a sufficient reduction in the cost of providing the current service for Barbadians that that reduction should be reflected in lower rates in Barbados.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, on a point of elucidation. I would be glad, Sir, if the Member would tell the House what is the reduction that he is **seeking** and what is the increase he is opposing, Sir. Mr. Deputy Speaker, Sir, as the numbers have not yet been done on the impact of the zero-rating and the ability of the Telephone Company and the Light and Power Company to be able to offset input taxes against out charges. Sir, I would be glad if in his **grandstanding** the Member could tell us what is the reduction he is seeking and **what** is the increase to which he is referring because he has no basis for being able to say, Sir, that it is going to necessarily lead to an increase.

Dr. R. C. HAYNES: I never said there would be an increase in rates. I said there would be an increase in the amount payable because people would have to pay the rates plus the VAT. That is where the increase would be. I also made the point that although there is a zero-rating of certain capital inputs in terms of the Light and Power and the telephone company that there are a whole lot of other costs which would attract the VAT and in the long **run** we would have to make sure that those companies do not make money as a result of that. It is not the telephone company that is exempted or zero-rated, it is specific inputs into those things that are zero-rated.

The next point I want to get on to. Not a single word as to what is going to happen in the transitional stage. Come the **day** when this particular piece of legislation is proclaimed there will be a whole lot of goods in Barbados on which all these wicked BLP taxes, as they were described this morning by the Honourable Minister of Finance, when all those wicked BLP taxes would have been paid on those items. What is going to happen?

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, again on a point of order, the Honourable Member is

misleading the House. The legislation and the policy has already been announced, there is going to be no refund on existing taxes. If the Member, Sir, had read the legislation he would have seen that, that is a decision that was taken as long as 1993. In fact, Sir, we have, as a result of that decision that he has not read but wants to grandstand about, tried to set the date of the introduction of the VAT at the time when he believed that the stocks would be lowest and therefore the impact of any taxes based on old stock would be at its lowest.

Certain remarks made by the Hon. Member for St. Michael South Central and the Rt. Hon. Member for St. Peter were ordered to be expunged from the record by Mr. DEPUTY SPEAKER.

Dr. R. C. HAYNES: If the Honourable Member had allowed me to make the point that what is going to happen in Barbados in January is that we are going to have a large number of goods in this country on which the old wicked BLP taxes have been paid and you are going to have a new tax regime where, according to the Honourable Member for St. Peter you are going to have goods imported which would attract a lower rate of tax. I want him to tell me how this is going to impact on prices during the transitional period. That is the point I wanted to make and that has absolutely nothing to do with any particular section on this Bill.

1.10 p.m.

So if you simply sit and wait until a point is made, then you will be able to make a reasonable intervention. The point that I am making about prices during the transitional period is that I am criticizing the Honourable Member for his failure to bring to this Honourable House or to inform this Honourable House of any of the problems that might arise during the transitional period. It is a legitimate criticism because it is during that period that the people will be making a judgment in relation to the impact of the VAT on their lives. I believe that it is a duty of the Government as part of its educational or should I say propaganda exercise to be indicating to people the problems which will arise immediately after the introduction of the VAT...

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. Members of the House should not reflect on past debates. But since I am being castigated for not having told the House about that, Sir, I will refer the Member to the specific words I used on this very issue when this matter was dealt with in the House during the Budget and that is why...

Aside.

Rt. Hon. O. S. ARTHUR: I dealt with this in the Budget when the cameras were here and I was speaking to the entire country, and this is what I said:

"In relation to the matter of a refund of the taxes paid on existing stock, it was recognized that a VAT was added to those taxes and the combination of the two could cause a rise in the prices of goods until the old stock was depleted. Unfortunately, I am not in a position to make a refund. Since I **am** sensitive to the problem, I have decided to time the implementation of a VAT in such a way that the stocks should be at their lowest level when the VAT is introduced."

I have already spoken to the House and to the country about the precise matter that the Member is seeking to cause this House to believe that I have been negligent in my duty and those are his words "negligent in my duty" in not talking to the public about it.

Dr. R. C. HAYNES: Sir, if I may continue. It is your judgment that stocks in Barbados **are** at their lowest level. I can assure you that there **are** many people who do not share that particular judgment. I would also like to bring his attention to one or two other problems. For example, under the area of exempt supplies, we note here supplied by a public hospital. What is going to happen to a private hospital? Page 4 - this is in the Schedule - Exempt Supplies No. 8. Supplied by a public hospital. In another section which deals with the supply by pharmacies, I do not know how a pharmacist is going to be able to satisfy the VAT Unit that he has done the right thing if he buys a stock of drugs, some to be sold under the Drug Service Act and some to be sold to the general public to persons who do not qualify under that particular Act. Because remember the Drug Service Act would only apply to specific groups of people as specific drugs. What is going to happen to all of the **other** drugs that are stocked by the pharmacist and even the **same** stock that he would have bought which normally he will sell to both groups?

'Mr. DEPUTY SPEAKER: The Member for St. Thomas.

Hon. D. A. C. SIMMONS: Page 4 of the Second Schedule, Item 8 refers to a supply by a public hospital. Just above that is Item 7. A supply of a medical, dental, nursing, midwifery, paramedical or other service where the service is performed by or under the supervision and control of a person who is registered as being qualified to perform that service under the Medical Registration Act, Dental Registration Act, Nursing and Midwifery Registration Act, and Paramedics. The Honourable Member as a doctor is registered under the appropriate legislation relating to doctors if you provide a service in a hospital under that.

Dr. R. C. HAYNES: I **am** talking about a supply by the hospital as distinct from a supply by

practitioners. What I am saying here is that under the Act as it stands, a supply by a public hospital is covered but a supply by a private hospital is not covered.

Aside.

Dr. R. C. HAYNES: Under No. 7 it talks about a supply of medical, dental, nursing, midwifery and other services by professionals. For example, when a hospital sends a bill for accommodation, what happens there? Under this Bill what happens? The Bill goes out in the name of the private hospital, the doctor's bill will be separate, the nursing bill will be separate perhaps and the professional bills will be separate – then what happens? As I see it, if that is the intention, then it should be a supply by a public or private hospital and then it will be perfectly clear to one and all exactly what one is talking about.

Rt. Hon. O. S. **ARTHUR**: Mr. Deputy Speaker, Clause 13 – services provided in hospitals, nursing homes or a similar institution for:

- (a) indigent persons, **infirm** persons **and** disabled persons.

The intention therefore, Sir, is not to exclude private hospitals. If the Member has a specific amendment that he thinks he could make, we would appreciate it. Because that in itself should tell the Member that there is not an intention to exclude the private hospitals.

Dr. R. C. HAYNES: Mr. Deputy Speaker, I am trying to improve the Bill no matter how foolish I am and it just struck me that this is a problem. It also strikes me that there is going to be a problem in relation to pharmacies operating in Barbados and during the course of the day when the House goes into Committee I will be able to discuss this matter with at least two pharmacists that are in this Honourable House during the break and we will have the opportunity to make other amendments.

Sir, the other aspect of the whole business of VAT which the Honourable Member for St. Peter has tried to avoid is this. I guess all Barbadians recognize that for the first time in the history of Barbados a **tax** is being introduced and there are no complaints in the business community. Why is that? I will tell you why. It is because there is no question that the principal beneficiaries from this VAT exercise will be the big businesses in Barbados.

Rt. Hon. O. S. **ARTHUR**: On a point of order, Sir. The Government has received a vast array of inputs, recommendations and proposals from the business sector of Barbados in many instances not agreeing with many specific parts of the policy that is here being embarked upon.

The tourism sector, for example, has written to say they should be zero-rated. Many parts of the business community have written seeking a status difference in taxes from what is contained in the Bill. It is an attempt to mislead the House to say that what is contained here has not been critically commented upon by various sections of the business sector of Barbados. It is not **true**, and I want to go further to say that in many respects we received a lot of recommendations requiring that their business be totally zero-rated, drawing from me a comment to the Chamber of Commerce that it would seem as if everybody in the business sector in Barbados wants to go to Heaven but nobody wants to die. He is misleading the House again, Mr. Deputy Speaker.

1.20 p.m.

Dr. R. C. HAYNES: Now, Sir, I am not privy to private communications between the Right Honourable Member and the private sector. All I can say **is** that I have been reading the Press, I have been looking at Press statements and I have seen most of the spokesmen for the private sector welcoming the VAT, they are happy about the VAT and for the first time the private sector has **'been** happy about any **tax** imposed on them. Why is that, Sir? It is because the VAT confers an immediate and substantial benefit to them. That is a fact. First of all, at the level of cash flow, at the level at which they can. . . .

Aside.

Dr. R. C. HAYNES: Do you want to stop me? The Right Honourable Prime Minister has taken up 20 of my minutes. I did not quarrel when he got up to interrupt me. Not one of them has complained in public. They have congratulated the Government and the reason is because they stand to benefit substantially from this, but people like myself who come in here to represent the ordinary man, who have to put before the public the disadvantages and the impact that these taxes are going to have on them are subject to the kinds of attacks I had here this morning for simply carrying out my duty.

I understand the businessmen's position. They are going to make more money and it is going to be easier for them. It is going to make life much easier for businessmen in this country and they will make more profit. They are happy. But I think all Barbadians should understand that it is they, the consumers, who will be paying all of this **tax**. All of this tax will be paid by old age pensioners, by children, by the unemployed, by housewives, by the sick, by the indigent. They are the people who will be paying this **tax**. Mr. Deputy Speaker, I do not buy the present assessment that this will be either revenue neutral or represent a \$15 million reduction in total take from this particular tax. I do not buy that, I think what is going to happen is that the Government's **tax** take is going

to be substantially higher but, regrettably, Sir, it is not until fiscal year 1997-98, not until March 1998 that we will be able to **see** exactly what the **outturn** has been.

Mr. DEPUTY SPEAKER: The Honourable Member **has** two minutes more.

Dr. R. C. HAYNES: There is a trick in this, Sir. There is no way that anybody is going to know exactly what is happening in terms of the full output from VAT in a full year until March 31, 1998. I believe that this tax is going to yield a lot more than is currently anticipated, and what is more, as a result of the VAT – and the Right Honourable Member for St. Peter knows this well, he knows this **only too** well, he is not telling you all behind there – other taxes **are** going to show an increase. For a variety of reasons, because of the disclosures consequential on the introduction of the VAT we **are** going to find that other taxes, as has been the uniform experience elsewhere wherever VAT has **been** introduced, the revenue from those other **taxes** has increased.

Mr. Deputy Speaker, the Honourable Member thinks that he is smart, but he cannot be smart enough to fool me.

Mr. DEPUTY SPEAKER: Please wind up now.

Dr. R. C. HAYNES: I am very disappointed that we can come in here with exemptions for a whole lot of categories of businesses, including duty free shops, when he made a commitment to this House in a budgetary proposal that he was going to impose a level of taxation on the duty **free** activity of Barbados. He allowed himself to be persuaded to do otherwise, reverse himself in a second budget, and now come here to the House a third time reversing himself on this particular matter. Mr. Deputy Speaker, he was the **man** who made the commitment in a budget in this House when he said that he was not satisfied with the way the duty **free** shops were operating and that the Government should get some money out of it, but he did not **carry** through. He backed off the following year and now, to demonstrate that he has "backed-backed" completely, he comes in here with a zero-rating for them.

Asides.

Dr. R. C. HAYNES: Mr. Deputy Speaker, they **are** appealing for light and I am going to sit down.

SUSPENSION OF SITTING

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to move that the **sitting** be suspended until half past 2.00.

Rt. Hon. O. S. ARTHUR: I beg to second that.

The question was put and resolved in the affirmative and Mr. DEPUTY SPEAKER suspended the sitting accordingly.
1.30 p.m.

RESUMPTION

Mr. DEPUTY CHAIRMAN: This House is now in session. When the suspension was taken the House was in Government Business. To that it should revert.

Mr. H. **deB.** FORDE: Like the Honourable Member for St. **Philip** South, I will speak very briefly on this Bill. Let me begin by saying that the principles of VAT have been accepted by both major political parties in this country, the Barbados Labour Party and the Democratic Labour Party. It is unfortunate that the Leader of the minority party has not been as clear in his enunciation of his position on the value added tax as have indeed the other two parties.

Let us clearly state that we are all agreed that the Barbados tax system has to be reformed and steps have been taken over the last few years to **try** to achieve the reform of the system with a view to ensuring that taxes of whatever nature are equitably based and distributed and that wherever possible we minimise the effect on those in the society whose ability to pay may well not be as great as those others of us who **are** in the work force and are higher earners.

The Honourable Member for St. Michael South Central said that his philosophy on taxation is that a low level is necessary, that the indirect tax component must be promoted and that you can minimise or should minimise or reduce the retrogressive effect of taxes wherever possible and that he would have wished in this Bill that there were a larger number of exemptions or zero-rating areas which affect the poorest in the society.

It is my contention to this Honourable House that that philosophy is satisfied by this Bill to a large extent. The Bill seeks wherever possible to minimise the regressive nature of taxation. In fact, what is VAT if it is not trying to promote the **indirect** tax component of our taxation system? It really is a consumption **tax** which is borne by the ultimate consumer and is borne and paid in instalments. To the extent, therefore, that it distributes taxation right over the gamut of society, it really minimises the distortions that can occur from other forms of direct taxation and in some instances indirect forms of taxation.

The consumption **tax**. I think the Right Honourable Prime Minister has pointed out the distortions that have been caused in our tax system by the consumption tax and the high levels to which it has been pushed by

governmental action over the years by the necessity for the Government to earn its revenue to provide the services for everyone in this society. Now, Sir, the Honourable Member for St. Michael South Central says *sotto voce* that only **1%** of that belongs to him. The point is that he was a member of a party that, while trying at the time to bring the supply side of economics fully into Barbados, at the same time had to distort the consumption tax system even more. He was a Member of the same Government. Now we have all come to recognise that we cannot do that without affecting the overall tax yields and the distribution of income, finally discouraging investment and the creation of jobs and growth in this society. Therefore, this is one of the steps, in my view, which the Government must take in order to reform the Barbados tax system.

Sir, we can get in the bidding business for the political effect as the Honourable Member did so well in the **1986** election. I have taken the political content of his speech as firing off the salvo to hope that he is on the good side at some stage of any protest that may occur as protests do occur whenever tax systems are changed. Therefore, he is throwing out the first salvo in order to **reap** what he believes will be the fruits – I hope he reaps the whirlwind – from any dissatisfaction or misunderstanding that may occur as we change from one tax system to another. It might be good politics, but in the long run it is bad nationalism.

I believe that we have a duty wherever possible to make our people understand, **particularly** as we draw to the end of this century, that things can only happen if a government has access to funds. Where the government spends money badly, then **pummel** the government, where the government places tax unjustly and unequally and unfairly, then pummel the government, but where a government, successively the two major political parties, sets out to reform the system – we are not saying that it is going to be perfect – but we set out to **reform** the system so that each person would bear his fair share of the tax system, I cannot see that the Honourable Member should seek to make politics out of this.

Sir, I am sadly reminded of the Honourable Member's position in **1986**. At that time, he managed to dominate his party so much that he committed the party to a supply side form of taxation that had to be put in the reverse. I have been in this House to hear the Honourable Member sitting on the back bench being severely criticised by his very Cabinet members. He also committed his then party to undertakings that they were never able to fulfil. When I hear the Honourable Member get up and spend, certainly a third of his speech, on the position of the utility companies and the relief on light and telephone bills I am reminded of the Honourable Member's promise.

He promised that – and I am reading **from** a document of this House, the Democratic Labour Party manifesto of **1986** – and we have been told that this was a proposal of the Honourable Member for St. Michael South Central in particular, his proposal, we were told **10** years ago that a DLP Government would immediately enter into discussion with the Barbados Light and Power Company to agree on arrangements for the disbursement of \$39 million to Government and consumers in such a way as to ensure that the cash flow position of the company remained settled. He is now wanting those very consumers to believe that he has written to the PUB and has taken all steps now because there are going to be some adverse effects, **that he** is in the vanguard of campaigning for the poor **consumers** of Barbados having promised them **10 years** ago that he was going to get back **\$39** million.

I **am** waiting for my share of it, Sir, as I am sure that the Honourable Member **for** St. Michael West is waiting for his share of it. I **am** waiting for my share of that **\$39** million which the Honourable Member has promised **us**.

I have to warn Barbadians again that when they hear the Honourable Member speak they should **keep** their ears to the ground because the Honourable Member is a consummate politician, not for achieving results, but for giving impressions.

Dr. R. C. HAYNES. On a point of order. The **ten** million dollars referred **to** was the result of a rate hearing which allowed the Light and Power to generate rates as a result of deferred taxes and investment **tax** credit which would never be **reversible** so long as companies continue a capital expansion programme. That situation still exists today and I will be **working** with the Right Honourable Prime Minister very closely **to see** whether we can get back more than **\$39** million for the taxpayers of Barbados.

Mr. H. **deB.** FORDE: The Honourable Member is now saying that at the time that he wrote this he knew that there was a legal position that had to be altered. He became Minister **of** Finance, did not alter it, remained part of Government, did not alter it, **has** allowed **10** years **to** go by and now he is talking about altering it.

Rt. Hon. O. S. **ARTHUR**: The Member for St. Michael South Central may have sought to enter into the records that he and I are working on some scheme to return to the taxpayers some fictitious amount on the basis of some law best known to him. I want to say, Sir, that I am not now nor have I in the recent past been **working** on any matter with the Member for St. Michael South Central nor has he contacted me on any matter pertaining to any deferred payments from the Light and Power and I would want the records of this House **to** show that his commitment to getting back **deferred** taxes is a figment of his imagination and his imagination alone.

Mr. H. deB. FORDE: Mr. Deputy Speaker, the country will understand that very clearly. Sir, I am not going to spend all the time on these matters. I am just appealing to the Honourable Member to show the responsibility that his long years as a person in the political arena demands, particularly of people like himself, myself, the Honourable Member for St. George South, the Honourable Member for St. Michael West, the Honourable Member for St. Joseph and the Honourable Member for St. Thomas and a few others who have been in this House long enough and so long now that we really do not have to play to the gallery or to the baser motives that there may be in some people in the public in order to win seats or to win a government. The Honourable Member must know that.

I believe that a politician these days has to take the high road of educating the public where we are in a position to do so and in turn being educated by the public and be open to them where we are making mistakes. The Honourable Member, unfortunately, in his public statements on the value added tax, has only one serious wish that there is going to be an avalanche of protest, there will be an avalanche of people getting upset about the collections method, that something will go wrong and that he will be in a position therefore to ride on the crest of a wave to a political victory.

Now, every politician wants to succeed. I believe that the muted comments of the Honourable Member for St. Philip South, however, were a lesson in restraint, because he found himself in a position where his party had initiated direct action in order to bring value added tax as part of the taxation system of Barbados. We have got beyond the stage of studies which the Barbados Labour Party had done in 1979 through Professor Duke. They went to the stage where decisions were taken in 1993 on the implementation of a value added tax system. The Cabinet decisions are there. I think the Honourable Members should walk with some of their Cabinet papers. They have those decisions. They did so on the basis of the advice available to them from experts both in the public sector and by way of consultancy. This Government has refined some of the decisions taken then and has taken into account...

Dr. R. C. HAYNES: On a point of order. My recollection is that the Right Honourable Member for St. Peter openly said that he supported a value added tax at that time and it incurred the wrath of all of his colleagues when he made that statement.

Mr. H. deB. FORDE: The Honourable Member again has really interrupted to make a point that is not correct. The position of the Barbados Labour Party at the time when the Democratic Labour Party was taking steps to implement VAT was that we supported value added tax. We can argue about the implementation of specific provisions of the tax. We have already explained in this

House that we have listened to the representations of the tourism sector and rather than exempting tourism, as was proposed by the Democratic Labour Party's draft, we have decided instead to put a **7.5%** tax on. That is one of the areas that has been modified which the hotel sector prefers in order to be able to plough back what they have paid out. So we could understand that, Sir.

The two main political parties, with some responsibility, accepted that a VAT was a system of tax that has been recognised worldwide to get rid of the inequities of consumption and sales taxes.

I have in my hand two simple books which I recommend Honourable Members to read if they want to see a worldwide picture of what has happened with this tax. One is The Guide to VAT in Europe and the other one is the A to Z of VAT. I suggest that Honourable Members read them because they would see that we are not here in Barbados pushing on the people of Barbados a system of taxation that has not been tried anywhere else. We have known the results of that trial. Even in fixing the rate of tax we have taken into account that some countries charge as high as **25%** or **28%** as a standard rate. Some of them have dropped it to **22%** and have come down to **18.5%**.

We have chosen **15%** which seems to me from a review of the rates in those countries that have value added tax to be the mean and standard rate that has been adopted worldwide. We have done that. Some countries zero-rate fewer supplies, goods and services than we have zero-rated. Others zero-rate a few more because of the peculiar situation of their economy.

I believe that Government has taken the best advice it can and, based on the available statistical data, has tried to bring in a **standard** rate of VAT and to adopt areas of exemptions and zero-rating to achieve basically a revenue neutral position that will not affect adversely the manufacturing sector, the service sector, the agricultural sector or eventually the overall social position of the country.

2.55 p.m.

Now I agree with the Honourable Member that the Government will have to ensure that as this tax begins to work and there are adverse effects impacting on the poorest in society, we will have to take prompt steps to minimise those adverse effects. The Government has given a clear undertaking that it will do so. The tax does not come into effect until January, Sir.

I realise that the original studies showed that had we followed all of the items as listed in the first DLP's assessment there would have been, probably, **\$20M – \$30M** in excess revenue. The idea was to capture that sum to use as a safety net. It is not anticipated that

revenue will be increased to that extent. However, wherever there is an impact on the poor people or the worst off in society, particularly pensioners and the disabled, Government has given its firm commitment and will take steps to ensure that they are dealt with without having their positions worsened. Sir, I take that undertaking very seriously.

The Honourable Member knows that this Government, the past Barbados Labour Party Government, as well as the DLP, I am not sure which of us implemented it, put in place measures to help people pay their water rates. This is not the **first** time. We have helped people pay their water rates, the pensioners. Before now we have helped them pay their utility bills, their electricity bills. The Honourable Member well knows that. He is talking to parties whose philosophy has consistently understood the necessity to change the position of those worst off in the society to improve their position. So I do not know what the Honourable Member is making a fuss about, Sir.

There can be no stronger advocate of looking after the poor people, the pensioners, and the old aged people than people on this side, particularly, sitting to my right, Sir, the Honourable Member for St. George South, for instance, who has been a consistent advocate in this field, and I do not want to take over his mantle because he does it so much better than many of us do.

Asides.

Mr. B. M. TAITT: On a point of order. The Honourable Member may be inadvertently misleading the House, Sir. The Honourable Member, to his right, is a *bona fide* member of the elderly and therefore does not need any assistance.

Asides.

Mr. H. deB. FORDE: I **am** afraid, Sir, that we are all getting to that stage including the Honourable Member who has just spoken, and I am not sure whether he is drawing yet, as other Members have been drawing, their security and old age pensions, I will tell the Honourable Member...

Asides.

Mr. H. deB. FORDE: I do not think that he is drawing nor is the Honourable Member to my right drawing in that respect, Sir, but we are increasingly there. In fact we are getting so near there that the Honourable Member for St. Michael South Central, the Honourable Member will be glad to hear, is now convinced that when you reach 60 that is the age when you should burst into politics.

A couple of years ago, however, when I was Leader of the Opposition, I remember a picture of the Honourable Member running, one morning – he had heard that I had gone in to get an impacted **tooth** removed and I was ill – he came out as the Leader of Opposition. Whilst the Leader of the Opposition was sick, he was fit and ready to go.

Asides.

Dr. R. C. HAYNES: On a point of order. What could his impacted tooth have to do with my running?

Mr. H. deB. FORDE: The Honourable Member is a consummate politician in this regard. He never misses an opportunity. I remember that very vividly as part of his public relations.

The only thing, Sir, I remember the Honourable Member ever slipping up on is the occasion, when on the untimely passing away of the then Right Honourable Member for St. John, the late **Errol** Barrow, he was late in getting to Government House; he has paid the price at that. That is the only time he had missed an occasion, Sir.

Asides.

Dr. R. C. HAYNES: On a point of elucidation. Let me clarify this point. I was not late in going anywhere. I did not go anywhere.

Mr. H. deB. FORDE: That is very unfortunate for him though, Sir. I want to say, therefore, that I do not want to delay this House in talking about the general philosophy behind that. I think it is accepted by us.

However, I must express one or two fears, Sir. I recognise that the Government has in place a public relations programme both on the radio and on the television. Any of us who look at "**Giggurd** and Boo" would think that is an effective way of impacting on people, and making people understand, Sir. I am not satisfied that, given the penchant of some people for distortion, I **am** not satisfied that we are doing enough to explain the **tax**, not only to the **ultimate** consumer, but to those persons, registrants, who for the first time will have to charge tax on their supplies.

The Honourable Member for St. Michael South Central, in his personal capacity, belongs to an honourable profession, which he does very well, Sir, medicine. They do not have the problem of charging VAT for their services.

Asides.

Mr. H. deB. FORDE: You pay the taxes but you are exempted. The lawyers have to. I think that

lawyers and politicians are, perhaps, the two most despised professions in the world. People attack us because, in the case of politicians and lawyers, we take on responsibilities. We have our "bad eggs," so do the other professions, but they exaggerate our sins and they ignore the omissions of other people. Yet we are one of the people who will now have, when giving advice, unless we are giving advice to non-residents who are outside of Barbados at the time, we will now have to charge VAT. Therefore, obviously, people might begin to misunderstand. I am not only pleading for the lawyers, I am pleading for a host of people, hairdressers, the services in general, all services.

I believe that Government has to go on an aggressive campaign, a very aggressive campaign, despite the fact that in this country we have one of the highest standards of literacy, and that Barbadians are generally a people of great common sense, yet at the same time given the nature and the highly competitive nature of politics in this country, there has been always room for misrepresentation of positions.

I believe that Government should be very conscious of this and spend money to get a well-articulated campaign going to encourage people to pay the tax, to prevent businesses collecting the tax and not passing it on in time, as has happened before with the sales tax, in Trinidad, Jamaica and elsewhere, despite the fact that this legislation has in some very stiff penalties, not only for evasion *per se* and for fraudulent evasion, but in other areas.

I believe that Government should not have to **resort** to these penalties, except in the minimum of cases. What is needed between now, the passing of this Act, and its implementation on January 1, 1997, is Government to spend a couple hundred thousands of dollars behind a **proper** campaign explaining to each one of us who has to pay the tax, collect the **tax**, and pass it on, the system that is going to be operated.

In this regard it is absolutely necessary that the forms be available as soon as possible. The forms should be available for people to understand how to make up their invoices. There are some people who are going to have to make changes to their cash and accounting systems. This is vital, Sir, because, in the last resort if the Government is going to be starved in the initial stages, in particular, of the correct tax, we will get more and more problems occurring. 3.05 p.m.

I do not want to see the Government having to come back to this House to raise the standard rate. I would like to think that our economy expands and grows at such a rate that we are giving more services, producing more **goods** and collecting more taxes by that method.

I would also like to see that all of us are responsible enough to assist in the administration of collections and that collection is simple and smooth. Likewise, I strongly believe that there is an obligation on Government to ensure that this happens.

Now, Sir, there are elaborate provisions again in this Act dealing with an appeals' system in which, if you feel that you are being wrongly assessed by the Comptroller of Customs, you have the right to appeal. The Government proposes to set up a special tribunal to deal with this appeal and from that tribunal you can go to the High Court, so there is a system built in here as a way of legal protection for people who may genuinely have cases about which they are concerned and they may have proper legal cases. I would hope that in the long run Government would bring in the overall administrative appeal tribunals that have been on the statute book for a long time and that we have a permanent Chairman and Deputy Chairman, and then bring on people for the different appeals that we are doing in this country.

Aside.

Mr. H. **deB. FORDE**: No, there is reference to the Act. The Act has never been proclaimed but we should grapple with it because now we have a plethora of administrative tribunals that are *ad hoc* and which is very important and represent a great **deal** of our people participating in the justice system. I do hope we will deal with it because I believe that our revenue, our taxation system, our land tax, our income tax, the whole system now calls for people with some continuing expertise rather than, as we have, a voluntary system where people are available only at limited times because this is an area in which we need quick decisions. We cannot have *cmes* dealing with the collection of VAT that are being drawn out for six and seven years as happened with our Land **Tax** Appeal Board or as has happened with other statutory boards that have to handle quasi judicial matters. I am urging the Government again in this area to spend some money and take steps to do something about it.

I also looked at those provisions in this Bill that **deal** with preventing people from leaving the island early and defeating the aims of the Bill. The Government must be conscious that one of the problems we have had with tax collection is in consumption tax, for instance. People still owe the revenue system millions of dollars. Now, Sir, to the extent that a person has taken money from you the public, that money, in my view, is to be paid over to the Crown. It is trust money and it really is unfair to the rest of us who pay our taxes that some people should take in that money and not account for it properly. I am glad the penalties are higher.

Mr. DEPUTY SPEAKER: The Honourable Member has two minutes.

Mr. H. **deB. FORDE**: Once again, this is an **area**, if we are serious – in fact it is a well-drafted Bill, where the language is clear – where I hope that we will get total co-operation. What we have to say to the public out there, including the poor people **whom** we would want to save from any adverse effects, we have to say to them to be part of the voices quarrelling when those who should legitimately pay are escaping the obligation to pay.

Sir, the Honourable Member raised a point that I believe, I do not know if the Government has had an opportunity to look at, but the description of the hospital in the Schedule No. 1 refers mainly to the public hospital, while I can see that in the Bill there are various medical and quasi medical services that are either zero-rated or exempted, including **services** rendered for the indigent, the old, et **cetera**, and medicine, of course, is zero-rated.

I believe there may be a legal point that should be taken. I have not had the chance to research it properly but I **see** no reason why, if you are in a private hospital in Barbados – there is only one now, I believe, in the country – you should not have the full benefit of the zero-rating given to the public hospital so **that** the accommodation aspect of it, I think that is the major aspect of it, you do not have to pay VAT on that supply. I do not believe that the revenue loss would be so significant that the Government should not deal with this and make the concession and the Honourable Member to this extent, would have made a contribution that it is worthwhile.

Now, Sir, I am going to summarize my position. I wish that we could live in a human state that none of us had to pay any tax at all. That is an ideal state. It is not possible if we need to give services to the people. When I hear the **Reaganites** of this world and the Thatcherites of this world, I say to myself that they are in dreamland because a Government has to provide a minimum of services in order to satisfy the people's needs and wants and there are certain areas in which the Government can best provide these services. To do that, the public **has** to pay for those services in one form or another either in a commercial form or by way of taxation.

I believe when we have to use taxation as a **tool** for getting the revenue in order to render those services, that our taxation should be fair and equitable and that wherever possible we should save those who are the worst off economically in our society from having to bear maximum burdens. Once that **type** of approach inspires the legislation which is brought before this House then I believe we are on the right track.

Finally, let me say, Sir. I feel my constituents would wish me to thank the VAT Implementation Unit in particular Mr. **Moore** – I have not asked your permission

to mention his name but I am not using it in any way that is to his disadvantage – who took the time out to come with a non-partisan group of people and school my constituents about VAT. I think I was the first Member of Parliament to have invited this position.

I believe that the Unit has been doing its best in order to educate the public.

Aside.

Mr. H. **deB. FORDE**: I would ask the Honourable Member to address my Branch, Sir, but I **took** his better half because his better half gave one of the best lectures on AIDS in this country and her contribution is outstanding. The Honourable Member should be proud of that. She has addressed many Branches of all the political parties on this matter.

I know the Honourable Member has voted for me in the past and he will in the future. He lives in my constituency.

Mr. DEPUTY SPEAKER: Time has expired for the Honourable Member.

Mr. H. **deB. FORDE**: I would **like to say**, therefore, that I would personally like to thank the members of the Implementation Unit for the contribution they are **making**. I do hope that we will show responsibility in the manner in which we approach this. I would like to disappoint the Honourable Member though. He will not be able to get the Government changed because of this particular Bill. I think people are wise enough and sensible enough now in Barbados to recognise that this Government is doing its best wherever possible to minimize the effect of taxation on their pockets.
3.15 p.m.

Mr. D. St. E. **KELLMAN**: Mr. Deputy Speaker, I do not intend to speak too long on this Bill but, Sir, it would be very wrong for me not to comment on this Bill. When one listened to the comments of the previous speakers one would have heard that this Bill would drive business from underground and increase the revenue take of the **country**. One has to ask, Sir, when you speak about driving business from underground **whom** are you speaking about, Sir? I would have preferred to hear, Sir, about the suitcase trade and I would have preferred to hear that with the implementation of this VAT Bill those small traders would be greatly affected by this Bill.

For years, Sir, in this country we have been hearing the private sector asking various Governments to put a tax system in place that would level the playing field and I want to tell you today, Sir, that the playing field has been levelled on behalf of big business in this

country and we have to be very careful about this, Sir, because if we, as a Parliament, are going to implement a **tax** system and certain people in this **country** are going to be going around saying that this is a progressive Bill then we must ask ourselves if this Bill is not regressive for the small man in this country because whenever a Bill is progressive for the big business sector it is obvious that it has to be regressive for the small business sector. I am saying that 15% on the small man will be regressive. That is why I am a bit worried. The Honourable Member for St. Michael South Central alluded to it earlier. We have not heard any comments coming from the private sector as we would normally hear them whenever a new tax is introduced. One can understand why, Sir, they are not **quarelling** about this new VAT tax, because for years they have been calling for this to happen and it has happened **today** and it is about to happen officially in January 1997 and we, Sir, as a Parliament have to be very careful even though we need to have a system where taxes can be collected fairly.

We also, Sir, have a system where the small man has never complained about the luxury tax and there are people who would brag and say that we would not have to pay the luxury tax **anymore**. Neither would you hear the small man complaining about the 89% consumption tax. Sir, for years the small man has been involved in bringing clothing into this country and has never complained about the taxes. It has always been the big business people in Bridgetown who have been complaining and one has to ask, Sir, if this measure is progressive or regressive in favour of the small man.

As I said, Sir, I did not intend to say much and I **intend** not to say much. All I would like to end on, Sir, is that the Prime Minister said that there will be some tax overflows and that the tax overflows will go to the tourism sector. I am asking the Prime Minister to make sure that some of the tax overflows we are going to get from VAT be **passed** to the small business sector or the small man as I normally refer to them.

I would like to say, Sir, we have heard many estimates about how much money will be collected by VAT, but I am willing to make a bet, Sir, that at the end of the day any Government will have about \$100 million to play with when VAT is implemented and I am saying, if you are **going** to have about \$100 million additional dollars it is but fair that instead of giving all of this money or some of this money to the tourism sector the small man in this country be recognised and be compensated for what he has done for this country.

On Tuesday we were told in this Assembly that it is always the small man who is prepared to go and start investments in the Scotland District, in **Speightstown**, in **Baxters Road**, in Carlisle Bay, in St. Lawrence Gap. We

were also told that it is when tax concessions are given that it is the big man who gets involved and runs out the small man. So we, as a Government, Sir, cannot be passing Bills to make sure that the small man will always be depressed.

Sir, I would like to hear about these concessions. It is amazing I have been watching the flow, Sir. A Minister of Government said in this Assembly that the highest bidder must always get everything and when I went back to the IADB report I saw that in there and I want to know if we are going to be blindly following the IADB to oppress the poor man in this country. If we are going to be doing that I am not going to take part in that charade, Sir. Thank you very much.

Mr. B. M. TAITT: Mr. Deputy Speaker, Sir, I first must apologise to you if I do not speak too clearly because as everyone knows I have been suffering with flu.

Aside.

Mr. B. M. TAITT: I said every one, Sir. Everyone of consequence. But, Sir, knowing that this particular Bill was coming before the House I wanted to be here. I think that the Honourable Member for St. Peter who introduced this very important legislation into the House is unusually restrained and indeed the whole tenor of this Government's attitude to this presentation has been one of restraint notwithstanding the valid efforts of my good and Honourable friend the Member for Christ Church West.

I think that the style of the Government over the last year or ever since it has become the Government has been one of great portent. The Government has not ever introduced anything of importance without the necessary fanfare. We have all become accustomed to the long and sometimes **arduous** run up to the wicket by the Government. Indeed when there have been things not **important** we have seen a tremendous amount of fanfare by the Government. It was a little surprising if one for example perused the national media today and day before one would have to wonder if the public relations **arm** of the Government had proceeded on vacation because it is customary to see these matters being presaged and I was a little surprised when my colleagues told me that VAT was going to be discussed before the House rose because there had been, apart from the usual distribution, there had been no fanfare about the introduction of the VAT. It is weird almost that on a given Friday this very important really paradigm shift in the annals of taxation in this country that we are doing it in such a low keyed and almost unannounced manner. And this raises questions in my mind as to what is the Government's attitude to the imposition of the VAT. You notice I say, Mr. Deputy Speaker, imposition. It is taxation and it is an imposition and it is one which has been mandated **as** we heard earlier.

I think the Honourable Member for St. Michael South Central reiterated that this particular **form** of taxation has been mandated by the international agencies.

I think the **evidence** is that during the time of economic difficulty of Barbados, when the international agencies were on the rise so to speak in the affairs of this country that it was mandated that a VAT was necessary. 3.25 p.m.

Mr. Deputy Speaker, I think that we should examine the rationale of the VAT. It is not a new **tax**. It is not a new system. Anyone who is familiar with the classic calypsos of the Mighty Sparrow would know, **and** I know the Honourable Attorney General would be, that he made reference to VAT more than 20 years ago. Are you not familiar with it?

Hon. D. A. C. SIMMONS: On a point of order, Sir. VAT was not introduced in Trinidad 20 years ago, so Sparrow could not think about it. What he sang in 1958 on his first LP with Teresa was "pay as you earn" and then on the next LP, Sparrow in Hi-Fi sang "you cannot get away from the **tax**".

Mr. B. M. TAITT: I will not allow my half hour to be dominated by a very esoteric argument that would then ensue between the Honourable Member and myself, but I would invite him to seek a line in which Sparrow says: "They want to **kill** me with VAT."

Hon. D. A. C. SIMMONS: That VAT would be Vat 19 Rum in Trinidad.

Mr. B. M. TAITT: I thought the Honourable Member would be the only one in this House that would be able to deal with that, but he has picked it up. He and I and a couple of other people in Barbados **are** calypso aficionados and the Honourable Member next to me, Sir. We who spend sometime looking at that aspect of life in the Caribbean I think know that reference to VAT is a "double entendre". The point that I was making with the Honourable Attorney General is that since the Government is making a big fanfare about the introduction of VAT, maybe this one perceived by them is not different from Vat 19.

Anyhow, Sir, in some ways I am disappointed that the Government had not indicated that we **are** going to debate this today and allow us to have **the** public observe us as we discuss it, not for many of the reasons which are usually adumbrated but for precisely the reason that has been very clearly articulated and reiterated by one of the columnists in this country who raised the question specifically last week or the week before, who said when he spoke to officials in the responsible Ministry and he is a denizen of the public sector so he knows about Ministries, he said that he was told that the VAT was a fait accompli and therefore

it does not need any public airing. I think that is very unfortunate because I would make bold to say that there are very few people in Barbados, notwithstanding the very good efforts by the public officers in the Department to bring **the** nuts and bolts of that to the public, who understand precisely what **the** implications of the introduction of this VAT are and will be for the populace.

Mr. Deputy Speaker, fortunately for me and fortunately for some other people, I represent a constituency that is 95 per cent of what may be called the lower socio-economic stratum of this society. I am certain that notwithstanding the best efforts of all of us and certainly my own best efforts that more than 95 per cent of my constituents do not understand what this VAT is about. Now as spoken by the international agencies, the VAT is a systematic reform of the indirect taxation system so as to make it (a) more efficient (b) simpler and (c) more – that word that has become more acceptable to **see** clearly what is happening – transparent. They have these moguls who sit in Washington who wish everything except what goes on in Washington to be transparent. As long as it is happening outside of Washington, it has to be transparent. Even though the VAT is more than 50 years in concept, they believe that this system which has been tried elsewhere, rejected in some places but never implemented in the United States, is a system that will do well for all of these countries like ours. They do not have VAT. They have confusion in their tax system and every 4 years they organize their tax system on the basis of what might sell. But they do not have anybody to impose anything on them so the rest of us will have to accept their theories. I am not quarrelling about that, Mr. Deputy Speaker.

When I was a youngster in the prep form and we were doing the Classics, they had a saying which I remember very well the translation is "to the victor belongs the spoils". So if the United States and the people who advise the international agencies are "the victors" then they can dictate what ought to be. They come down to countries like ours and tell us what we must do, because the VAT has been applied in many countries and I do not have the time to go into the history of where it has been applied. So I am not quarrelling but its implementation in Barbados is not an easy matter and I want to make it quite clear **that** the reason why it was not implemented during the time when the international agencies nominated, decided and recommended it for the then Government is because we did have some people in the Cabinet in which I sat who were not prepared to accept that a VAT should be introduced merely because it had been recommended by some people from "over and away". Because we recognized that it had a number of implications for ordinary people; and each time the VAT draft was brought to the Cabinet – my colleague is the only one who is here to clarify this at the moment, the Honourable Member for St. Michael

East can confirm – there were some of us who wanted to know how we were supposed to handle this or that. As a result, despite the timetable set by the people in Washington, we determined that the VAT would not be introduced until we were satisfied that a number of things were in place. I do not propose to give the impression that we were holier than thou and that the people who replaced us, the Honourable Members on the Other Side, do not have any sense at all. I do not propose to suggest that. What I am saying is that this is their VAT.
3.35 p.m.

This is the VAT of the Government of the day. I am prepared. As our Deputy Leader indicated today, it is your call, your watch, on which you decide what you are going to do; and we are not going to stand in your way. Even if we could, we will see how it goes. We cannot and **must** not pretend that all the VATs are the same. The Prime Minister, himself as Minister of Finance, indicated that they have made certain policy changes in the implementation of their VAT and the public information capacity in this country does not always differentiate the argumentation which we have in this House and, as a result, they leave the population in a state of confusion.

This is not an all-party VAT that is being implemented. This is not a VAT that the Dems left that is being implemented by the Barbados Labour Party. This is the Barbados Labour Party's VAT that the Barbados Labour Party is implementing and we are not standing in the way because we have all agreed on the basic principles involved in the VAT. We have all agreed, because we were helped, induced and directed to the extent that we had to be directed that the VAT was one of the then propositions involved in acquiring certain financing that is necessary for the good government of this country.

There are some people who seem to feel that if you admit that you wanted some money from international agencies and you agreed to some of their terms that you are somehow admitting to some weakness. That is not **weakness**. That is, in my view, a certain strength. If a man is not good looking and accepts that he is not good looking that man has more sense than the ugly man who keeps telling himself that he is good looking. The Honourable Member for Christ Church West wishes me to give him as an example of one of those two but I am not going to do that. He knows that I would not use that as an example while Your Honour is in the Chair unless I recognised that you fall into the category of the good-looking one.

Seriously, Mr. Deputy Speaker, let us acknowledge that the people in Washington who have control of the finances have certain influential powers over countries like ours. As the **Government**, when it was in Opposition, and

was coming in, said how it would resist these international agencies with all the force at its command. as it has declared that it has resisted them, we too, when we were the Government... Their form of resistance was to send some man out of Barbados and I have never quarrelled with that, because if their understanding of resistance is to send Mr. What's-His-Name packing, then I say they have fulfilled the resistance. The fact is though that the money has not come in yet and the money is not going to come in until that Government is able to convince those people in Washington that they have fulfilled enough requirements to allow Washington to send in the money without losing face. These **are the facts** of life. If you have been in Government you cannot pretend.

There are two Honourable Members sitting in the back who have served in the Cabinet and they know there are certain parameters within which you have to function and those are the facts of life no matter what the columnists write. Whoever becomes the Government of Barbados, of Dominica, of Trinidad and Tobago **or** of Jamaica has to operate within certain parameters and we have passed the stage where we can pretend to each other. We might pretend during an election campaign but when we **are** dealing with the reality of running the country then we know that there are certain parameters within which we must work; but there is manoeuvrability, and that is the gravamen of my intervention.

My intervention is to keep the record pure to allow the constituents in constituencies like St. Michael West to understand that there is no grand VAT in the sky or there is no grand VAT in the Caribbean or there is no VAT that is common to all parties because the VAT in Germany is different from the VAT in Trinidad, which is different from the VAT in Jamaica, and the VAT of the Barbados Labour Party is different from the VAT in its application, not in its principles, from the VAT which the Democratic Labour Party was in danger of presenting.

Mr. H. **deB. FORDE**: I made the point, Sir, that the Honourable Member is obviously replying to the point that the principle of VAT is accepted in several countries in the world and that their provisions **are** basically similar. I did also say there are some differences but the differences which the Honourable Member highlighted or is **trying** to highlight is that there is this vastness of substantial differences. With respect to this there is a great similarity. In fact, the legislation in Europe is virtually standardised because of the EEC directive.

If we have a genuine common market in the Caribbean in the future there will be a greater standardisation, not only of rates, but also of the applicability in order for goods and services supply.

Mr. B. M. **TAITT**: Sir, I am not sure why the Honourable Member intervened because I have not

yet said or attempted to show any differential. I am making the general point that a VAT in Germany and a VAT in England and the VAT in Trinidad and Tobago are not the same VAT. Let me give you an example, since the Honourable Member essays to put these differences on the table. The VAT which Mrs. Thatcher introduced in Britain has elements to it that we could not possibly derive. Let us take the hotels. In Britain, the situation is very simple. The hotels pay VAT, full stop. In Britain they depend on tourism much more than we do. They make more from tourism in Britain than we do in Barbados. Most people do not understand that.

The English people and certainly the City of London earn more from tourism than Barbados could ever earn and depend on tourism more than Barbados does in its economy. Yet anybody who has ever been to London knows that you pay VAT, full stop. When you arrive in London you go to the duty free shops and they have a system by which if you fill out the documentation when you get to the airport and you put the documentation into a special box you may get back the VAT you paid but there is no question that because you came from Barbados or you came from an Arab country that you don't pay VAT. When you go to Marks and Sparks and you buy the nice underwear to bring back home, you pay VAT. When you go into the hotels and you pay your hotel bill, you pay VAT.

That is one of the things which when I was in Cabinet I raised with my colleagues because I do not accept the concept that our hotels are to be exempted and be treated constantly as some kind of special beast. We are never going to become competitive if the Government constantly has to be finding a special regime for each type of economic activity. We, because of our size, have been trained in a particular way but if we are talking about globalisation on the one hand and competitiveness on the other, we are going to have to get accustomed to the idea that when you go to the Olympics they don't give you a length, they don't tell you to 'start from the 80 and they will start from the 100 because you are a developing country or because your people didn't have enough milk when they were young or any of those things. They say, "This is the Olympics standard. You have to start here." So Ato Bolden and Obadele Thompson started from the same place as Bayley and that is what we have to understand.

When we talk about who has to be exempted here and who has to be exempted there, I am not prepared to argue who should not be exempt or who should be at this point. I am just saying that in terms of the principle there is a lot of rubbish that passes for public comment in this country which causes us to make as a Government on both sides, foolish decisions that on reflection we say how could we make that decision. But we wish to be all things to all men all the time.

If the hoteliers are going to make it, there are hardly any of the major hotels which don't make money. One of the things that the late **Errol** Barrow was very clear on, and I used to be against him at one point, then I joined him and then I was against him because we were constantly having an intellectual argument that the hoteliers must be primarily responsible for the promotion of their hotels, that it is their responsibility, especially the chain hotels, to promote their hotels because they were in business and that there was no responsibility of the Government to be propping them up. Now that has changed. I see a whole change has occurred over a 25-year period where a theory that was advanced as a mere theory has now become almost dictum, where there is a set of people in this country who have made fantastic profits out of the tourism industry who continue to bamboozle both Governments with concepts which allow them to continue reaping and hardly ever sowing.

There are some people in this country who on reading what I have to say will get very upset and say that I don't like **white** people. That is their privilege, but my position has always been the same over the last 30 years. The point I am making is that the Government can afford to drop \$3 million on a hotel on the south coast and lose it and go again because they are in the business of training the hotels on the south coast run by ordinary Barbadians who were in the agricultural sector before to become hoteliers. The ones who come in from London or Australia and places where they have had opportunity before and where they are **part** of a chain that is making a lot of money, they start off at a different level altogether. The playing field is not level.

So the Prime Minister is entirely wrong in **his** concept. If he does not **agree** that you have to make a difference between the playing fields. The playing fields are not level. They have not been level in Barbados and they are not level now and it is the responsibility of the Government, whichever Government it is, is to make **up** the difference. If we don't do that, all we will do is reverse Barbados to what it was. That is how I feel. And that is what has made me participate in what has been going on our side in return for my old mother having taken the humps and grumps from time to time. Because one believed in the concept that one day the playing field would be level. It is not level now.

If we feel that a UNDP Report saying that we are number one in the developing countries means that the playing field is level we are making a fundamental error. I have **heard** commentary in recent times which suggest to me that we are not understanding that while we are making great progress there is even more that has to be done.

Mr. Deputy Speaker, when you have participated in this process, and all Honourable Members in here know what I am **king** about, you get a sense of empowerment, a kind of attachment to the result. When it is

a matter in the end as to who carried us over the top – if you watch the elections in the United States you will see how states pass so that the home state can be the one that puts the nominee over the top. That is 200 years of playing around with their system. We have had 30 years, but it does not matter who takes you over the top, if you have participated in the programme when it goes over the top you have the same feeling of ecstasy that we have arrived. So my interest in what happens in Barbados cannot be different in the final analysis from Your Honour's interest or from the interest of the Honourable Member for Christ Church West or St. George South even though we are going to bite out each other's throats – not physically – from time to time.

Asides.

Mr. B. M. TAITT: Mr. Deputy Speaker, it does not matter in the final analysis where we are if the result is what we yearn for even though we necessarily must continue to take opposite positions as we see things from a different side because we have aligned with different philosophical grounds and bases.

Asides.

Mr. B. M. TAITT: I don't agree with the Prime Minister. I agree with you, because you agree with me, but you are staying over there for reasons which we understand but you and I are *ad idem*.

Mr. Deputy Speaker, I will address you. I am not going to be diverted.

Mr. Deputy Speaker, I said all of that to make the point that it would be wrong for us who were grappling with the VAT who had our own views to let this ride. There are members who are not here now who hurled back what the officials sent up to us as the VAT that would apply. We hurled it back because I have in my constituency people who barely live. I have a lot of pensioners and old people. I know "poor black people" is now apparently an endangered phrase but I know that Your Honour has in your constituency real, poor, black people. I don't talk about poor, black people as a political phrase. Whether in the high-flown language or political phraseology, when I am discussing poor, black people I am talking about the real people who go and vote for me, who put their x straight in front of "Taite".

Mr. DEPUTY SPEAKER: The Honourable Member has 2 minutes more.

Mr. B. M. TAITT: Therefore, it would be wrong for us to come here, take this Bill and try to shackle it out because the Democratic Labour Party accepted the principle of VAT. The Democratic Labour Party had a VAT which

it was going to be implementing, if it had remained in power for the 2-year period. It is no point anybody on our platform saying that we were not going to implement a VAT because it would be dishonest. We were going to have a VAT but I would say for Maurice King and for Philip Greaves and a number of others who are now not here and for myself that the VAT was going to be one that we could at least intellectually align with.

So when the Government brought their VAT, I make the assumption that they have wrestled with this and they have come to the conclusion that this is what they want to try and they put it forward. We have agreed in the party that we are not going to play that we are approbating and reprobating at the same time. We cannot do that. But we do not wish the Barbados Labour Party not to take the ownership for its VAT. We reserve the right to criticise the Barbados Labour Party's VAT in the areas where the Barbados Labour Party's VAT has cast on our people hardship which we believe we would not have cast. That is my position. That is our position.

When the Barbados Labour Party has its VAT, we will not stand in its way. Come January, and thereafter, we will know exactly where we stand. We do not agree with their position on hotels but they have taken a position. It is their responsibility to take that position. I hope he is hearing this because I don't like to talk when he is not here. The Prime Minister must not hide, if he is hiding. I don't think he is hiding. I don't say he is hiding from the Bill but the Prime Minister must not hide in any feeling that he has to get our support. He is going to get our support to the extent that we are not going to oppose this Bill.

The consequences of this Bill are Barbados Labour Party consequences. To the extent that they are good, you get all the credit and to the extent that they are not good, you take all the blame. And we will help put the blame on your head. That is the nature of the beast. I certainly will tell the people in my constituency this VAT is not designed with them in mind. "Understand that the VAT has nothing to do with you. The VAT has to do with the efficient collection of taxes. It has to do with making sure that all the little people who don't pay taxes now are going to have to pay taxes, the small black businessmen will have to pay some taxes in terms of the inputs where they were getting away with not paying". That has to be said. Don't let anybody fool anybody that this tax is something for the people.
3.55 p.m.

It has to do with making sure that all the little people who do not pay taxes now are going to have to pay taxes, the little business people. The small black businessmen will have to pay some taxes in terms of the

inputs where they were getting away with not paying. That has to be said. Do not let anybody fool anybody that this tax is something for the people. The people who will benefit, in the first instance, the most would be the people who invest the most capital. Now if they happen to be white people, it would be them.

Mr. DEPUTY SPEAKER: I have to ask the Honourable Member **to...**

Mr. B. M. **TAITT**: If they have any important black people who have invested a lot of capital, it will be them.

Asides.

Mr. B. M. **TAITT**: You do not have to worry about my VAT. The Honourable Member for Christ Church West is asking about my VAT. The question is that since a date in 1994 our VAT got washed out. It lapsed. Our VAT has lapsed like when you have the Estimates and you do not spend the money you lapse. Our VAT has lapsed. It is yours that is now before the public and we will watch and we will wait.

I am grateful to you, Your Honour.

Hon. D. A. C. **SIMMONS**: Mr. Deputy Speaker, Sir, I will have to deal at some length with the attitude of the last **Honourable** Member to this Bill. I want to start by putting in perspective, Sir, the policy framework for the introduction of VAT from the standpoint of the Barbados Labour Party.

On page 10 of the Manifesto for 1994, the Barbados Labour Party said these words:

"The level of taxation is too high. As a consequence it is expensive to do business in Barbados. This in turn prevents economic expansion and job creation. Taxes must be reduced in order to re-energise the economy and bring the measure of relief to the population. Our strategies will enable the export sectors to operate with relatively low rates of taxation, thereby allowing for the restructuring of direct economic activity, and level the playing field in order to make our products competitive once again on the regional and extra-regional markets. Lower levels of taxation **are** a necessary precondition for the development of small business and the creation of employment."

Then we said:

"We will, re-examine the planned introduction of the VAT to ensure that any such system meets the needs for Barbados in reducing the level of indirect taxation and its cost of collection. Indirect taxes such as consumption tax

and stamp duties will be reduced or eliminated so that the total **tax** take is decreased."

The NDP, I would not waste time with them, the Honourable Member of that party, **as** usual, does not stay until the close of play. He has gone earlier today, as usual, as he would not know what happened.

The Honourable Prime Minister, in his introduction, explained that this Bill before the House today represents the culmination of years of research, planning, drafting, discussion, and acceptance of a new form of indirect taxation for Barbados. It is a synthesis and a confluence of all kinds of dues over a long period of time, Sir, starting in 1979.

As the Party introducing VAT in Barbados on August 16, 1996, the Barbados Labour Party will not resile from its responsibility and any consequences that are associated with the introduction of VAT. We must not allow the historical record to be so distorted as to give the impression that the Democratic Labour Party as at September 6, 1994 had agreed only to something called VAT in principle, and that what they had agreed to in 1994 is so radically different from what we are introducing today.

Mr. J. O. **TUDOR**: On a point of order. I think that the point that was being made was simply that as at September 6, 1994, up until that time the Democratic Labour Party's mandate to introduce or implement a VAT ceased, that in fact, there is no record that the Democratic Labour Party ever introduced **in** any form a VAT system to this country. I think that is the point.

Hon. D. A. C. **SIMMONS**: I am not disagreeing with that, Sir. What I am dealing with is the phrase of the Honourable Member for St. Michael West, that the Democratic Labour Party accepted the principle of VAT and no more. I wish to say to the Honourable House today, Sir, that **there** was not a great gulf in the content of value added tax between the Democratic Labour Party and the Barbados Labour Party.

It went beyond their principle on their part, and I will give you the historical record. You can check with the Schedule as I read, Sir, I have to bore the House for a few minutes, Sir, but I **have** to read the details into the record. I repeat, Sir:

"I will not accept that on September 6 all that the Democratic Labour Party agreed to was the introduction of VAT in principle."

That is what the Honourable Member for St. Michael West said, Sir. I wrote it down:

"I am submitting to the House that there is a substantial measure of agreement as to the content of a value added tax between the 2 parties."

Asides.

Mr. B. M. TAITT: On a point of elucidation. I am not sure. I think that the Honourable Member, Sir, as a lawyer, is now arguing not the issue before the House but is putting the case of his client.

I have not at any point sought to say what the Democratic Labour Party's position was. I said that the Democratic Labour Party's position is not the Barbados Labour Party's position. I said it is for the Barbados Labour Party to put its position. I never said anything about what the Democratic Labour Party's position was. I said that we agreed fundamentally on the basics of value added tax, but there is nothing which the Honourable Member or any other Honourable Member on that side could say to give the ownership of the present Bill to the Democratic Labour Party.

This is a Barbados Labour Party Value Added Tax Bill.

Asides.

Mr. DEPUTY SPEAKER: Continue.

Hon. D. A. C. SIMMONS: Now, Sir, let us see where this vast gulf exists between these 2 parties. In September...

Asides.

Hon. D. A. C. SIMMONS: You are trying to give that impression. In September 1993, the then Cabinet, of which the Honourable Member for St. Michael West was a Member, agreed on the following:

- (a) That VAT should be of the invoice based credit type.
- (b) All goods and services should be taxed at a single standard rate except for those explicitly exempt or zero-rated.

4 05 p.m.

They did that and stopped. We have expanded those. 1 continue: -

"Only the following should be exempt: banking and insurance, land and used buildings other than buildings which have been the subject of a VAT credit, secondhand goods, long-stay residential rentals, transport of passengers by bus, - (we add taxis), water supplies through pipes, educational and medical services, non-regular sales by charities."

All that is in this legislation. They agreed, Sir, that excises should be imposed on alcoholic drinks...

Mr. B. M. TAITT: On a point of order, Sir. I do not want to interrupt the Honourable Member. The Honourable Member has just identified the basics of a value added tax we agreed to which is what I said. Now, the Honourable Member must go on. If he wants to show the chasm the Honourable Member must go on to show now how the Barbados Labour Party has either improved on...

Aside.

Mr. B. M. TAITT: All I said is that we agreed on the basics and therefore we take no responsibility for what you have done.

Hon. D. A. C. SIMMONS: They agreed that the standard rate should be 15 per cent, the excess of revenue which was estimated to be \$21 million over the revenue requirement should be allocated to social welfare programmes. The registration threshold should be determined later as part of the administrative preparation and until such matters of the payment period and treatment of taxable stocks held when VAT is introduced.

They proposed that an unregistered business should pay a turnover tax of 3 per cent and on the introduction of VAT the excise taxes referred to, consumption tax and so on, stamp duties, hotels and restaurants sales tax and one or two minor taxes which were not identified should be abolished. That was September 1993. So they started to develop what I call the content of VAT.

June 1994, at about the time of the No-Confidence motion, Sir, this is what the Cabinet of which he was a member and the Honourable Member now for St. Michael East agreed. You have to be patient with me, Sir. There are 41 things, and we can compare with what we have here: -

- (1) The registration threshold should be set at \$60 000. The turnover tax, abolish that.
- (2) Sale of land and buildings should be exempt but the inputs of the construction of buildings should be taxable.
- (3) Leases of commercial property except farm land should be taxable but the sale of real property should not be taxable. Leases in excess of 25 years should be regarded as sales and should be exempt. Leases of agricultural land should be exempt regardless of the length of the lease."

All that is in ours.

- (4) When a service charge is added to the price or yield the tax should apply to the service charge whether it is quoted separately or not but should not apply to voluntary tips.
- (5) Prescription drugs and prescribed items approved by the Minister such as prostheses should be exempt. Non-prescription drugs should be taxable.
- (6) Major farm inputs, zero-rated. (We agreed with that). Machinery should be taxable.
- (7) Domestic sales to Government should be taxable and appropriate budget allocations made to cover payment should be taxed.
- (8) Sales to Government commercial enterprises should be taxable.
- (9) Sales by Government commercial activities should be taxable.
- (10) In situations where the service provided by the Government though commercial is not in direct competition with the private sector, the tax should not be applied, like postage stamps and so on.
- (11) Sales to non-profit organisations should be taxable and regular but not casual sales by such organisations, should be taxable.
- (12) The Minister of Finance should have power to waive VAT.
We changed that. Only Parliament.
- (13) Where there **are** excise taxes on goods the VAT should be applied to the price including the excises.
- (14) **Self-use** of a commodity or service for use should not be taxable.
- (15) Charges for taxable services made by the seller in addition to the price for the goods should be included in the taxable prices.

Sir, it goes right down to 41, and the vast majority of those 41 have been accepted by this Government and are included in the Bill before the House. I am concerned to make the point, Mr. Deputy Speaker, that this legislation, not only in principle, but I repeat, in content, is

substantially in harmony with all that the Democratic Labour Party did up to September 1994, and all they were supporting, September 1994.

Now, what has happened since September 1994 is that the consultative process has continued. We had pledged in the Manifesto to examine it and we have examined it. We have consulted, and as is natural, we have said we cannot agree with everything they have agreed. It would offend our intelligence in several respects and therefore we agreed that there would be differences to the details of the **tax**. But, fundamentally, there is not a great divide between the two parties because we both agree to its introduction.

Aside.

Mr. B. M. TAITT: Sir, the Honourable Member is misleading the House. On a point of order, Sir. The **first** speaker on this side, the Leader on this side in this debate started off by saying that he did not wish to seek to improve on the presentation made by the Minister in presenting the speech. I do not understand what the Honourable Member is going on about now, Sir.

Hon. D. A. C. SIMMONS: But then the Honourable Member sought to put himself at variance with his temporary leader as always.

Mr. B. M. TAITT: On a point of order, Sir. He is now seeking to sow disorder among our troops. Sir, I believe if he would not take any briefing from his Prime Minister while he is speaking he would be much better off because the Honourable Member is now **seeking** to **sow** seeds of discord. There was never any doubt that we are at one over here in relation to the position that has been put. However, what we sought to do, in spite of what they are hatching up now, is to show the reality of how our position was arrived at.

Hon. D. A. C. SIMMONS: Sir, I am not **seeking** to sow any seeds of discord in the Democratic Labour **Party**, far be it from me. Last "Sun on Saturday" **carried** a **letter** on page 13 signed by one Peter Walcott who **is** the driver of the Leader of the **Opposition** in which he criticised...

Mr. J. O. TUDOR: On a point of order, Sir. The Honourable Member knows quite well that there is more than one dog named Bob and he sought to identify the member as the driver. I am submitting categorically that it is not the driver of the Leader of the **Opposition**, that it is, in fact, one of the ghost writers of the **Barbados Labour Party** who submitted that proposal.

Hon. D. A. C. SIMMONS: He has confessed.
4.15 p.m.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, on a point of order. I spoke to Mr. Peter Walcott today and he has conceded, Sir, that he was indeed the author and that there **are** more licks to come.

Mr. B. M. TAITT: Mr. Deputy Speaker, Sir, I submit that the Prime Minister of a country ought really not to put in the record that he had a discussion with a driver and as a result, Sir...

I really feel, Mr. Deputy Speaker, that the **Prime** Minister ought not to do that, Sir. I do not believe that the Prime Minister had any discussion with the driver of the Leader of the Opposition.

Mr. DEPUTY SPEAKER: Let us get back to the debate.

Hon. D. A. C. SIMMONS: Sir, I think Barbadians should be concerned about a few things. The rate of the tax is one. The rate of tax, Sir, is 15%. Now, that is the same rate as applies in those CARICOM countries which have introduced VAT – Trinidad & Tobago, Jamaica and Belize. Britain has VAT at **17½%**. France has VAT at **18.6%**, Germany **14%**, New Zealand **12½%**, Chile 14%.

Now, Sir, an important feature of this legislation and a feature that creates a divide between the two parties is the way that we have treated tourism services in this legislation. We have introduced a rate of **7½%** for tourist accommodation. Now, I think the leading spokesman for the Democratic Labour Party in the other place opposes that. There is a policy difference between us and he is entitled to take that position. I only wish to remind him that Jamaica which is a tourist destination like ours has a rate of 6.25% on hotel accommodation. Greece, the standard rate is 18% and the reduced rate is 8% for hotel accommodation. Ireland, they have a standard rate of 21% and the reduced rate is **12½%**. What we have done in Barbados in respect of tourist accommodation is not out of line with other countries internationally. That was a real area for the exercise of a policy option and we chose to apply **7½%** rate which is acceptable to the trade.

Now the Honourable Member and Members on his side and indeed the Member for St. Michael South Central are concerned about the lack of television today. Mr. Deputy Speaker, you will recall in May, the Prime Minister as Minister of Finance gave a long detailed presentation on VAT, illustrated with examples. For 3 days, I think, we were in here and VAT was discussed by those who knew about VAT and also by those who did not. So the public of Barbados in May had a debate on VAT, not specifically on VAT of **course**, but a lot of these matters were ventilated, certainly by the leading spokesmen on all three sides and by other Members of this Honourable House. So why should we subject them to another debate on VAT now?

I think the Government has been sensitive to the fact that last week we had two debates on television.

Aside.

Hon. D. A. C. SIMMONS: We had one this week too, Sir. To give the public another set of debate today, Sir, we would not have finished so early because once it is television everybody feels he has to speak, Sir, so it would have gone on long.

Now, Mr. Deputy Speaker, it is not to say that the VAT is being introduced today without any public debate or participation at the level of the public. I do not mean at the level of the public's representatives.

For more than a year a **draft** Bill **has been** out for discussion. Do you know why the Honourable Member for St. Lucy can say that he is concerned that the private sector has not made any comment? That is because in this last year the discussion draft has been subjected to comment by the private sector who have gone to meetings and participated. I remember a Saturday meeting at Dover Convention Centre, a whole day meeting, where **all** the concerns were thrashed out and the Prime Minister himself went and sat down in that meeting and took the points.

Sir, the Honourable Prime Minister has spoken on other occasions, constituency branch meetings and so on. The VAT unit has come and explained. I accept, however, the point made by the Honourable Member for Christ Church West. I think his comment is timely. **Indeed** I would say that he **preempted** me. It is a point I wanted to make, Sir. He has made it and I am just congratulating him for it. It is now that the details of the VAT legislation **are** settled, that the political parties will now do our own education as we had promised. The Democratic Labour Party started and then it was pointed out to them that it is perhaps too early to start because things would have changed in that it was at the discussion draft stage. Now we have a settled Bill both parties can go ahead knowing that this is the law and discuss and educate.

Now the Honourable Member for Christ Church West went further and he called for a stepped-up public relations programme. I had a note here that when I addressed the Bar at their annual general meeting last year, I addressed them in the morning session. The whole afternoon session was devoted to a discussion on VAT led by 2 lawyers from Trinidad, one of whom was Stephanie Daly, on how VAT operates in Trinidad and affects the legal profession. So there were groups of their own motion out there trying to learn about it. Most of the accounting firms, I think almost all of them agreed to explain the operation of VAT to clients.

I know that our travel agency was one that was approached and some people went to learn how it would operate. What I think is needed now, between now and October when registration starts – and we had to bring the Bill today because it would have started taking effect from October 1, to allow a time for registration and then it comes into effect on January 1 next year if we are going on recess until late in October we would have lost the opportunity and therefore the date for implementation would have been set back – I wish to counsel the persons in the VAT unit that what we want to see on television now from Giggurd and Boo is a simulated transaction. Show me a man going to buy a variety of things at a store. Explain how it works. Show the public the form on the screen and so on.

Now Government has been preparing for this kind of thing. Officers in GIS went to Trinidad and Jamaica to study and they are putting together a public relations package. I am confident that when this passes today public education will be stepped up and there will be an enhanced programme for public relations.
4.25 p.m.

Mr. Deputy Speaker, I think that we have had a good debate and I am pleased to support the introduction of this legislation. Let me point out that there are some amendments mainly of a cosmetic typographical nature that have been circulated. We will pick up them in Committee and, in addition, I have spoken to the Director of the VAT Unit and I am prepared to recommend to the Ministry of Finance that in respect of Schedule 2, paragraph 8, we delete the word "public". I am obliged to you, Sir.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I have heard the contributions in this debate and I want to thank the House for the tone and the temper in which this debate has been cast. I want again to thank those persons who have over the course of the last 3 years been involved in the preparation of the legislation that is now before Parliament. The past administration was scrupulous in its efforts to ensure that the Government of Barbados had access to the best expertise regionally and internationally and I want to say that in all my professional experience, I cannot recall greater care and diligence being exercised by a group of professionals in trying to safeguard the public interest and to ensure that a fundamental change in a policy is done in a manner that is harmonious and is best for the country.

Mr. Deputy Speaker, over the course of the last year a large number of suggestions, proposals and recommendations were submitted to the VAT Implementation Unit by the private sector of Barbados, the Bar Association, trades unions, entities acting in their own discretion, and such was the professional ethos of the VAT

Implementation Unit that they took each and everyone of those proposed amendments and recommendations, they classified them, **analyzed** them and **made** a recommendation as to whether or not they were worthwhile or could be accepted. Sir, in recognition of the work and the professionalism of the VAT Implementation Unit and the consultants who have advised that Unit, I would want to lay as a document of the House "Amendments To The Original Draft Legislation" to reflect those recommendations submitted by the private sector and others to the VAT Unit and approved by the Ministry of Finance. I say that at the outset of my response to the contributions that have been made, because in **all** of this, the expertise, the commitment to service and the professionalism of those who have put us in a position today to be able to deal with a final draft of a VAT Bill should not be subject to question. I am satisfied, I want to make this a document of this Parliament, that they have dealt with every submission, they have evaluated every submission made to them and they have rendered to the Ministry of Finance the very best judgment that is within their competence, training and capacity to render. I want those persons who have advised successive Governments on this legislation to be above any public scrutiny or public criticism regarding the advice, whether it be on policy matters or in relation to public relations matters which should come in due course.

Now, Sir, the acting Leader of the Opposition spoke and, before I come to his submission, I want to thank those Members on my **side** who spoke with great eloquence and great force in support of a manifesto commitment by the Barbados Labour Party to re-examine the VAT and to deal with its introduction in the context of ensuring that it will in fact suffice to accomplish the **purposes** that we want it to accomplish. The acting Leader of the Opposition spoke and I **thank** him for the measured terms in which he addressed the issue. I am pleased that on this occasion on a matter **that** could be potentially fractious the Democratic Labour Party which has done so much to make the VAT a part of our vernacular did not through its acting Leader seek to engage in polemics. There was a statesmanlike approach to a very serious issue that could affect this society for generations to come. There was one issue that he raised, Sir, and even as he was speaking I could see that he understood the mistake that he was making because he was saying to the House that the introduction of a VAT was a condition of the draw down of the second tranche of the ISL Loan and that we were here because of the ISL Loan.

Mr. Deputy Speaker, we have not yet reached the second tranche and therefore we could not be here because there is no urgency attached to this legislation arising out of any IADB conditions. We are here because the professionals in the VAT Unit would wish to have a VAT in place by January 1st and to do so we must

have the legislation in place so that registration of people can start on October 1st. The House is going on recess and we will not have an opportunity to deal with this legislation before October 1st, and it is to sell the advice of the professionals who have advised the Government of Barbados and to sell those professionals short to substitute for them some IADB Programme which is not material as to why we are here today.

Mr. J. O. TUDOR: On a point of order, Sir. I think so as not to have the record distorted the acting Honourable Leader of the Opposition made the point that the implementation of VAT is one of the conditions that is set out in the programme for the drawing down of the second tranche. He simply made the point that Government appeared to be rushing it because they are in a situation where they would want to draw down and they have as a matter of policy to implement it before they can draw down any of the tranches. I do not think that it is being fair. The acting Honourable Leader was being very graceful. But it is a statement of fact that you must implement the VAT before the second tranche can be drawn down. That is a fact.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, if that was the case, we would be introducing the VAT sometime in 1997. I have some words...
4.35 p.m.

Mr. J. O. TUDOR: I accept what the Right Honourable Prime Minister is saying in relation to the fact that the Unit wants to have certain things in place but I don't think he should seek to put down the Honourable Deputy Leader because he was being very genuine in his submission.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I accept that the Member for St. Philip South is as innocent of economic and financial matters as the Member for St. Michael East. If there was an urgent attendant to the introduction of a VAT that was the only error *vis-a-vis* IADB conditionalities it would be in 1997. If we were to introduce a VAT in 1997 it would have been because of the IADB conditionalities. But the fact that we are introducing it here Sir, should be enough to suffice to establish in the minds of the public, in particular those journalists who walk around with Mr. Richard Goddard and get photographs of Mr. Richard Goddard's maid and put them in the newspapers as representative of an independent position - and I don't know what they were doing in St. Peter on a certain afternoon under Mr. Richard Goddard's arm-pits, and I am not going to go into that either...

Mr. B. M. TAITT: On a point of order, Sir, I feel with great deference to the Right Honourable Member, that you should seek to save the Prime Minister from himself.

When he goes off on these frolics to "buse" the journalists he has a tendency to suffer a very **fatal** disease politically. I think, to help the Prime Minister not to go and get back into the **same** vortex, whichever journalist goes around with whom is no real business of the Prime Minister or of this debate, I submit.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I shall not be distracted from my purpose. I thank the Member for St. Philip South for bringing to the House's attention that the introduction of a VAT into Parliament is something that we should do to meet the second tranche of the IADB loan. We are bringing it to Parliament even in advance of the first tranche and therefore our being here has not a thing to do with the IADB but it has to do with the fact, Sir, that we need to have the legislation in place so that we can start registering companies by October 1 because if we don't start registering by the first of October then we will not be able to **introduce** the VAT by January 1.

It has not a thing in the world to do with the **Inter-American Development Bank**. I need also to say, Mr. Deputy Speaker, that a lot of the work pertaining to the provision of consultancy services to prepare a VAT arose out of a technical cooperation agreement signed between the then Government and the Inter-American Development Bank before the BLP became the Government of Barbados. If the VAT is an IADB imposed tax it is only because of that **technical** cooperation agreement. But I am not even putting it in that context. VAT is something that all of us believe is in the best **interests** of this country and I want to say, Sir, that the member for St. Michael East who chose deliberately not to speak in this debate but who has a passing interest and knowledge of economics...

Mr. B. M. TAITT: On a point of order, Sir. Whatever disability the Honourable Member for St. Michael East might have in economics would not entirely be his fault because it is my certain knowledge that the Prime Minister in his capacity as professor and tutor has claimed the Honourable Member for St. Michael East as his student and to the extent that the Honourable Member for St. Michael East is ignorant of economics it is the fault of the Prime Minister.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I thank the Member for St. Michael West for reading that into the debate because it was my misfortune to be the tutor for the Member for St. Michael East and I was warned in advance by persons who had taught him at **Combermere** that he was liable to be a very difficult student.

Sir, I would wish to say on this occasion that there has been a meeting of minds of the Government of Barbados on all aspects of the conditions pertaining to the first draw down of the investment sector loan.

The Inter-American Development Bank and the Government of Barbados has had a meeting of minds on all aspects of the conditions for the draw down of the first **tranche** of the investment sector loan. The Ministry of Economic Affairs has made a request for the draw down of the fund and I would wish we could take the IDB Investment Sector **Loan** out of the context of partisan controversy. I hope the funds will be in the coffers soon and on that matter I want to say this. Earlier this week, the Government of Barbados made another payment to the International Monetary Fund against the **standby** agreement loan that was raised in **1991-92**. It was a payment of almost **\$10** million and despite our making those payments, Sir, and despite our having almost wiped out in the course of the last few years the **IMF** loans from our books our foreign exchange reserves still are in excess of **\$540** million and the net foreign exchange reserves of the Government of Barbados continue to exceed half a billion dollars and there is no pressing foreign exchange need for us to have to borrow from anybody.

I want, Mr. Deputy Speaker, to move on to the contribution of other Members, the Member for St. Michael South Central, who has fled the Chamber, after a most disgraceful contribution. The burden of his contribution was to establish his reputation for political gamesmanship. We are trying to introduce a VAT, Mr. Deputy Speaker, because the present system of indirect taxes is one that features very high rates of taxes on a very narrow base of goods. We want to lower the rate and if you start with a tax system that **has consumption** taxes ranging from **21%** to **89%** and a stamp duty on extra-regional imports at **20%** you can only replace those **2** taxes among **11** with a new tax structure that features a rate of **15%** if you broaden the base.

The reason why you have to broaden the base is because Barbados has become more and more of a service economy but its indirect tax system continues despite the growth of services to feature a preponderance of taxes on goods. So there is a large proportion of the national economy that is lucrative and growing that is not subject to the burden of indirect taxes but the goods produced in this country, such as clothing, furniture are subject to massive rates of taxes ranging from 21% to 89% in the case of the consumption tax and a **20%** stamp duty.

Mr. Deputy Speaker, it should be intuitively obvious that if you are going to redesign a tax system featuring high rates and a narrow base to one that is fairer you should drop the rate but you must broaden the base. It should also follow that if you are to propose changes to that system to narrow the base again you are going to go back into the system that presently obtains where if you are going to shrink the base you can only do so satisfactorily by raising the rate.

I want to say to Parliament that the proposals that have, foolishly so, unwisely so, come from the unwise lips of the Member for St. Michael South Central, are proposals which if adopted by Government would cause the rate to the VAT to be increased from **15%** to perhaps **25%** because he is proposing that we shrink the base and we can only shrink the base if we are going to increase the rate. We have gone that way before.

Sir, I have been so concerned about this particular matter that the one contribution – and I want to say this for the benefit of the House – I have made personally to the drafting of this VAT Bill has been in relation to the powers that are to be vested in the Minister of Finance. The VAT draft Bill would have vested in the Minister of Finance a power to raise VAT but our problem right now, Mr. Deputy Speaker, is that the Minister of Finance and his staff **are inundated**, day by day, week by week, with a vast **array** of requests for waivers because under the existing system there are high rates of indirect taxes payable on a narrow base and everybody who is subject to the high rate wants a waiver for the taxes.

I have told the VAT Unit that I believe that the Minister of Finance should be stripped of his powers to waive indirect taxes and that those **powers** should be vested in Parliament. I want to stress this point because it is the core of what we are embarked upon **this afternoon**. We **are** embarked in a process whereby we are going to replace a tax system with a narrow base, many exemptions and high rates of taxes with one with a wide base, low rates and **no** exemptions.

I believe, Sir, if we are to make any **other** exemptions or grant any other entity an exemption from paying the **tax**, that since Parliament has approved the structure of the VAT it should be Parliament rather than a Minister of Finance who should by amendment, order an **affirmative** resolution in the future say who should or should not be allowed waivers from the VAT.

I have stripped the Minister. In section 60(3) the draft legislation says that the Minister of Finance should be able to waive and I have said that I don't want that power, let it be vested in Parliament and if anybody wants to have their VAT waived the Minister should establish a tribunal **to** hear their case and the result of the tribunal should come here by way of an order that is subject not to negative resolution but to **affirmative** resolution. The Minister should come to Parliament and **ask** for permission to waive the VAT on anybody who wants a VAT waiver that is not included in these schedules.

I want to do that, Sir, because the supremacy of Parliament in relation to the introduction of taxes and the generation of taxes must be preserved. But we now have a tax system under which **too** much of the time

of the Minister of Finance and of his staff is taken up with having to deal with tax waivers, if only because we have a tax system now where because the rate is so high nobody wants to pay but what they intend to achieve is one in which the rate is so reasonable and low that nobody should worry about it.

A man who has to pay rates of taxes of 110% will quarrel and ask the Minister of Finance to waive them but if you tell him to pay 15% rate he will say he can pay that. That is what we are about.

The Member for St. Michael South Central wants to have his cake and eat it at the same time. The only way in which you can bring down the rate of taxes in Barbados is to agree to broaden the base and if we also agree that once we broaden the base it becomes difficult thereafter for people to get exemptions from paying the VAT. No sooner than we bring this legislation to Parliament, he wants to say who should be exempt, that we should broaden the rate of exemptions and what he is proposing would entirely defeat the purpose of having tax reform at all. It is part of the political gamesmanship, unfortunately, for which the Member for St. Michael South Central has become renowned in Barbados.
4.55 p.m.

I want to say, Sir, I am begging Parliament, let us put a VAT in place. Let us allow it to work, let us not tinker with it, let us not, Sir, be enticed by any blandishment, political or otherwise, to want to vary it for a while, let us give it chance to work.

Mr. Deputy Speaker, Members in this debate have spoken about the amount of the revenue that the VAT is going to yield. I speak in terms of probability, because I do, not know for sure. I have taken advice that I trust, that tells me that the VAT could range between certain numbers, Mr. Deputy Speaker, but we have to give the VAT a chance to work before we come to conclusions about how much it is going to yield or not going to yield.

The Member for St. Michael South Central joined, unfortunately so, by the Member for St. Lucy, determine in advance that the VAT is going to yield far more revenue than we presume.

Mr. Deputy Speaker, since 1994, this administration has built into the provisions of the VAT legislation, a number of important zero-rated and exempt items that will make a difference on the revenue yield. The Democratic Labour Party did not intend nor did it propose to zero-rate crude oil. We have determined to zero-rate crude oil imports. The Democratic Labour Party did not intend, Sir, to zero-rate the imports of the Barbados Light and Power Company or the Telephone Company. We have done so,

Sir, in recognition of the fact that we will be imposing a tax on the services of the companies. The Democratic Labour Party did not intend to zero-rate the inputs of companies that are already operating under fiscal incentives legislation. Companies have established their businesses in manufacturing under fiscal incentives legislation, on the understanding that their inputs would be free of duty. We felt an obligation, Sir, to honour that. Therefore you will notice that there is a difference between this legislation and the draft legislation which was originally circulated by the extent to which we have made provision for those things to be provided for.

We have in fact, Sir, broadened the range of zero-rated items, broadened the range of exempt items and every time, as I said, you increase the number of exempt and zero-rated items you narrow the base and you put pressure on the rate.

Sir, I am therefore exercising a judgement in favour of conservatism. I believe that what we are proposing here, Sir, is pushing the envelope somewhat, because, given the nature of the exemption and the zero-rate that we have allowed, it is not to be anticipated that a tax system, as presently exists, with rates ranging from 21% to 89%, and stamp duty of 20% on extra regional imports, can be successfully replaced by one of 15% on goods and services with the range of exemptions, and yield a massive increase in taxes.

I must also say, Sir, that our decision not to exempt the tourism sector has taken by that one decision more than \$35 million out of the pot. So, when I hear the Member for St. Lucy say that the VAT is going to give rise to \$100 million more in revenue than we anticipate, I can better begin to understand, Sir, why he so grievously misled the sugar industry about its financial prospects.

As a financial adviser to the industry, Sir, he had to be fired before the sugar industry could regain solvency.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, on a point of order, Sir. Once again the Right Honourable Prime Minister is misleading this House re myself and the sugar industry, Sir. What is admirable about him, Sir, is that everything that I have said pertaining to BADMC and BAMC he has implemented.

Thank you.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, the Member for St. Lucy has gone down in history now as wanting an airport for St. Lucy and wanting a land use policy within education. I am glad that television is not here...

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Prime Minister, once again, is misleading this House, Sir. I never said anything about a land use policy for education. I said that no one should implement a White Paper on education, Sir, without first looking at the land use policy to find out where to put a school. It is regrettable, Sir, that we will have a Prime Minister who would scold me on a matter like that, Sir, because everybody in Barbados knows that it is important that before you place a school you have to look at the land use and where people will build houses, Sir.

Thank you very much, Sir.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I am thankful to the Member for St. Lucy for dilating so warmly and so widely a land use policy. I would urge him, and I am going to come and prance in his chest when the next election is called, Sir, in St. Lucy, that he, Sir, is a specialist on land use policy. I have never yet heard a word from the Member for St. Lucy in criticism of the existing Physical Development Plan that would locate a **landfill** in the centre of St. Lucy.

It is with his knowledge, his compliance, Sir, and he wants a **landfill** in the centre of St. Lucy. The only reason why he wanted the Government, Sir, is to relieve the people of St. Lucy...

Asides.

Mr. B. M. TAITT: On a point of order, Sir. Are we now to believe therefore that where the **landfill** is located is punishment? Are we to understand that the only reason that this **landfill** is being placed in St. Andrew is to spite the Honourable Member for St. Andrew? Is that the understanding?

Rt. Hon. O. S. ARTHUR: Of course not. Mr. Deputy Speaker, Sir, the Member for St. Lucy is very upset that we have not complied with the provisions of the physical development plan, given his specialist understanding of land use matters, and locate the **landfill** in the centre of St. Lucy to the discomfort of thousands, thousands, Sir, of good people as distinct from locating it, Sir, in Greenland to discommode one person.

Mr. D. St. E. KELLMAN: On a point of order, Sir. Am I to believe, Sir, that the Prime Minister will have to be misleading this House, Sir? To locate a **landfill** in the centre of St. Lucy, Mr. Deputy Speaker, Sir, if the Prime Minister is correct that he had plans of locating a **landfill** in the centre of St. Lucy, what he is actually saying is that he going to replace St. Lucy's Church with a landfill, Sir.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, it is not my proposal, Sir. If the Member for St. Lucy, who

is a specialist on land use policy, and who rather than want house **spots** in St. Lucy wants an **airport** in St. Lucy, who has never called for a house spot in St. Lucy but wants an **airport**...

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, Sir, once again I have to rise on a point of order. The records of **Hansard** would state, Sir, that I have told the Minister of Housing that before he could discuss any more house spots with me, that he must give us the house spots at **Harrison's** and Mount Poyer first.

Asides.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Lucy and the Honourable Prime Minister, let us get back to the debate, that we are discussing, please.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I am **speaking** in this vein because this House has been bombarded by a collection of wild, irrational and ill-considered statements by the Member for St. Lucy. The latest in a long series is his nonsense that the VAT is going to give **rise** to revenue of \$100 million in excess of what has been calculated. Those are the kinds of things that affect...

Mr. D. St. E. KELLMAN: The Honourable Member,...

Mr. DEPUTY SPEAKER: On what do you rise, Sir?

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member for St. Peter is misleading the House once more, Sir. He cannot accuse me of misleading this House because the same way that he is saying that I cannot estimate the revenue to be \$100 million, he cannot estimate the revenue to be less than what I am saying either.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, I am glad that matter has been brought into the debate. It allows me to go on to the additional point that I want to make, Sir.

A group of professional economists, local and foreign, Sir, have been engaged to analyse the likely yield of the VAT with a 15% standard **tax** and a 7½% on tourism. They have made reasonable assumptions about non-compliance and so on, taking into account the local practice and experience, and international norms in the matter, Sir, sector by sector, product by product. They have been unscrupulous, Mr. Deputy Speaker, in their analysis of the situation. I want to say to Parliament that we do not have any advice that has been rendered to us that would suggest that the VAT could yield anything near \$100 million more than we are projecting it to yield.

I want also to say, Sir, that it comes down to a matter of judgement. If you are replacing a consumption tax that ranges between 21% and 89%, and a stamp duty of 20% on extra regional imports with a VAT of 15%, and you are also giving relief to tourism, it should stand to reason that you are going to be very constrained in relation to the amount of revenue to be yielded by the new dispensation **relative** to the old because the difference between the rates of **tax** of the new and the old is so wide. The Member for St. Lucy, Sir, speaks from a position of ignorance in this debate.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, on a point of elucidation. Even though he mentioned a point of ignorance in this debate, what the Prime Minister is not telling this House is that, even though he has reduced the tax rates, he has widened the areas where he is going to be collecting taxes.

Rt. Hon. O. S. ARTHUR: I also made the point, Sir, that in every instance, and the public must understand this point, Sir, that in every instance where we have widened the net we are either giving zero-rated concessions on inputs, or people would now find themselves in a position where they would be offsetting tax paid to clients against **tax** paid on inputs in circumstances where they cannot do it now.

Now, Sir, I want to come to the essential point. I am not going to yield to foolishness now, Sir.

Asides.

Mr. D. St. E. KELLMAN: On a point of order. The Right Honourable Prime Minister is misleading the House again, Sir. The evidence in the world, Sir, is that wherever a VAT is introduced, that the tax collection has increased, Sir, and he knows that, Sir.

Mr. DEPUTY SPEAKER: The Right Honourable Prime Minister, you have two minutes more to wind up.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, Sir, the VAT is in itself not going to yield \$200m plus the odd extra million in taxes. For us to say and have somebody in the House suggest that the VAT is going to give rise to \$100 million more than what we have anticipated, is to speak from a position of fundamental ignorance. It is what has become characteristic, Sir, of this kind of approach to Barbadian politics. If the Member were to exercise a judgement, he would understand that what he is saying, Sir, is intended not only to catch a foolish headline but it is to mislead the public.

I want, Sir, to say this. If the VAT does, in fact, give rise, and I am speaking very deliberately, Sir, to a substantial increase in revenue beyond what we anticipate,

the process that we have set in train to devise systems to make sure that the indigent, the pensioners... are shielded...

Asides.

Rt. Hon. O. S. ARTHUR: ...our proposal, Sir, is that we are designing a system to ensure that the pensioners, the poor in the society, have access to benefits. Some countries use food stamps. Some countries use rebates. We are studying the appropriate mix that would allow them to get direct rebates arising from any increase in the VAT above what we anticipate the tax to yield. I give the House the assurance, Sir, that if the VAT gives rise to an increase in revenue in excess of what we anticipate the Government has no intention, given our fiscal position, of holding on to it. We will pass it back to the poor people of Barbados. The Honourable Member for St. Lucy does not have to **ask** for it. What he should be asking for is for us not to establish a **landfill** in the centre of his constituency and we have agreed not to do so, contrary to the Physical Development Plan that he as a Member of the Democratic Labour Party agreed to...

5.05 p.m.

Mr. D. St. E. KELLMAN: On a point of order, Sir. I cannot allow this to go into Hansard. The Honourable Member is misleading the House because the record of Hansard will show that I have said already in this House in no uncertain terms that a **landfill** will not be going to St. Lucy again. I will fight it. I have said that in no uncertain terms and the Honourable Member for Christ Church West in a debate said that even the **Member** for St. Lucy does not want a **landfill** in his constituency, and he is in his seat.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, all he has done is to establish that he is a sports model as the representative because, despite his fight, the **landfill** in the centre of St. Lucy is what is contained in the last Physical Development Plan approved by a DLP Cabinet and he will have to answer to the people of St. Lucy for bringing a **landfill** to St. Lucy.

Mr. D. St. E. KELLMAN: On a point of order, Sir. I became a Member of this House in September 1994 and if that is true, the only time I would agree to something is if the Honourable Member for St. Peter is planning to put a **landfill** in St. Lucy. If so, I would have to fight him.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I want to thank Honourable Members who have spoken in the debate. The Honourable Member for St. Michael West spoke and tried to establish that he was the champion of poor people. The unfortunate situation for the Honourable Member for St. Michael West is that nobody in the Democratic Labour Party believes that. That is why he is where he is, Sir, and I say no more on the matter.

Mr. B. M. TAITT: On a point of order, Sir. The Honourable Member could only know what is going on in the Democratic Labour Party if he has roots in the Democratic Labour Party. The Honourable Member knows absolutely nothing about what people believe about this Honourable Member in the Democratic Labour Party. He should not finish this high level debate on such a mundane point. I am disappointed that at this point in the Honourable Member's career he still cannot see the wood from the trees. I invite him for this last time in this debate, to rise above what is happening to me. Tell us about what is going on.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, the Honourable Member for St. Michael West says that I know nothing about what is happening in the Democratic Labour Party. I fear that it is an affliction I share with him because he too knows nothing whatsoever about what is happening in the Democratic Labour Party.

Mr. B. M. TAITT: If the Honourable Member would give way, Sir. Considering what he says goes on in the Democratic Labour Party he will have to agree that we are both in a very wonderful position if we do not know what is going on. But, Sir, to the extent that I do not know what is going on in the Democratic Labour Party, I know more about what is going on in my party than he knows of what is going on in his party as spoken by the members of his party.

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, I want to thank all those Members who have spoken in this debate. I want to say to the House, Sir, that we are embarked on a very important endeavour where judgments have had to be made on the basis of the best advice available and on the basis of probability. I trust I will not have to adjust the VAT. I will call upon people to allow it to remain in place. The time for tinkering with the indirect taxation of Barbados has passed. We have been scrupulous in seeking advice from all sides.

The VAT Unit has done a marvellous job in trying to distil the advice and bring to this House a piece of legislation that is truly worthy of consideration by Parliament and is designed to give us an indirect tax system that can serve the purposes of advancing the national development of this country.

It is with those considerations in mind, Sir, that I do now respectfully beg that this Bill be read a second time.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, Mr. DEPUTY SPEAKER left the Chair and the House went into Committee on the Bill, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This Honourable House is in Committee.

Part I was called and passed.

Part II – Clauses 7 – 12, was called.

Mr. B. M. TAITT: Mr. Chairman, I just draw to Your Honour's attention that we have started off to do this. I recognise that the Bill is long and I do not quarrel about our doing it in Parts but I draw to Your Honour's attention that the Committee should first agree that this Bill be done in Parts before calling it in Parts. I think retroactively, without recommitting any of them, we could agree, and we will agree, but I think out of an abundance of caution we should agree that this matter should proceed in Parts.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, the motion is entirely supported on this side. I was not intending to be offensive to the prerogative of Parliament. I am hearing a motion for this matter arising from the other side, supported enthusiastically from this side.

I beg to move to have this Bill be now dealt with in Parts, Sir.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

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

Part II, Clauses 7 – 12, was called and passed.

Part III, as amended, Clauses 13 – 28, was called and passed.

Part IV, Clauses 29 – 32, was called and passed.

Part V, as amended, Clauses 33 – 42, was called and passed.
5.15 p.m.

Part VI, as amended, Clauses 43 to 54, was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that Part VI, as amended, do now stand part.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

Mr. B. M. TAITT: I want to raise a question, Mr. Chairman. I am not opposing. I just wish the Attorney General to explain. Throughout the Bill there is reference to the Comptroller of Customs imposing a fine and the numbers are listed. It seems to me that that gives the Comptroller a power which is different and unusual. I wonder if the Attorney General would explain. It seems to me that the discretion which is given to the Comptroller is **without** reference to anything else. The law just says the Comptroller may impose a fine up to \$1 000 etc. The Attorney General, I think, needs to explain to the Committee.

Aside.

Mr. B. M. TAITT: Well to **tell** the truth the clause passed so fast I do not now want to ask for it to be re-committed but the principle turns up in this **Part** as well whereas the language itself occurred in other **Parts** where the Comptroller has what appears to me to be the kind of magisterial responsibility and I just wonder if this is a new departure or if that is just the language that is used in the drafting.

If you look at page 44: "Any person who fails to comply with a demand served on him under subsection (1) is liable to pay such penalty, not exceeding \$1 000 as the **Comptroller** determines". That is the language.

Hon. D. A. C. SIMMONS: Sir, this provision drawn to our attention relates to registration and it is to vest a discretion in the Comptroller to impose a penalty for non-compliance. The Comptroller has similar powers under the Customs Act. Remember the quantum in the Customs Act. If you try to bring into Barbados dutiable goods without paying, the Comptroller can take them away and impose a penalty up to, I think, three times the value. So all you are doing is giving him a power to deal with a breach of the administrative provisions departmentally rather than creating a whole bureaucracy of requiring this matter to go to court and all of that or even to go to the tribunal. You are giving him power to deal with it at his level, **departmentally**.

Mr. B. M. TAITT: I am not questioning whether the **Comptroller** should have the authority to do this. I am just questioning the methodology. Up until now the Comptroller is still governed by bench marks that are laid down. In other words if a duty is applied to a specific item, if the Comptroller finds a person with that item, the specific duty has been determined by a Minister, the Comptroller may apply three times the duty but the duty is determined by the Minister. What I am saying is, the Comptroller may determine up to three times as much but he cannot do once and a half, he has to do one time as much, two times as much, three times **as** much, if I may put it simply.

Aside.

Mr. B. M. TAITT: He can do once and a half? It is **fixed** by the Minister. The line item in the duty, the impost has been determined by the Minister of Finance.

Aside.

Mr. B. M. TAITT The Honourable Member for Christ Church West is saying that this is tantamount to the Minister saying that he is putting the thousand... I do not think he agrees with that but he is saying it to help to move on. I wish the Attorney General, he is obviously not going to change it, but I wish him to address that because it seems to me that the Comptroller is being given a power different from any power he has at the moment and I want to know if that is what the intention is.

Hon. D. A. C. SIMMONS: Follow **the** point as a point of principle, because take, for example, the Registrar of the Supreme Court. Professionals are required to register by January 31. If you do not register by January 31 the law says that the Registrar can make you pay twice for registration. You do not go to court for that. You allow the person administering the Act to have a power to penalise for breaches of what you call administrative..

Aside.

Hon. D. A. C. SIMMONS: Yes, the fine is fixed in that sense. She cannot say that as a Q.C. I should pay \$750.00. If I do not pay by the 31st I have to pay \$1 500. All I am saying it is a discretion up front.

Mr. B. M. TAITT: Yes, but the discretion here gives the authority therefore to charge \$1.00, \$999.00 or \$1,000. This is the question I was raising. So in other words a Comptroller can now decide, well you have breached this regulation but you will pay \$2.00 or \$20.00 or \$26.00. I breach the regulations but I will pay \$990.00. **The** discretion here seems to be magisterial. He is not a facilitator. In the current law the Comptroller has fixed bench marks along the way. In this one he has a wide discretion between \$1.00 and \$1,000.00. That is the point I am raising. It just seems to me that the Comptroller has a discretion that goes beyond what a Comptroller of Customs, **as** opposed to a Magistrate or Registrar or a Judge would have and I was simply asking, is that the intention?

Hon. D. A. C. SIMMONS: Sir, it must be the intention to allow the Registrar to have a discretion. I do not think it was raised anywhere. Arising out of that discretion surely the Registrar would be able to set a number of guidelines and say, for want of a better word, for first offence I **am** going to charge you

\$100 or something like that. But surely the Honourable Member is forgetting his administrative law because in this area of discretion there will always be the opportunity for judicial review of that decision of the Comptroller and if the Comptroller was unreasonable or for whatever reason...

Aside.

Hon. D. A. C. SIMMONS: No. Within the Administrative Justice Act they would apply, any of those grounds that exist, if you could show you would have a case for judicial review.

Mr. B. M. TAITT: In a previous debate I heard the Prime Minister in his capacity as Minister of Finance, giving the House the assurance that he would implement legislation in a particular way. Were I here I would have intervened to suggest that the question was not how a particular Minister would apply the Act but it is how the Act can be applied by the most perverse Minister. Now, a perverse Comptroller of Customs, as this is worded, is under no obligation to impose a small fine as opposed to a big fine as long as he does not go over one thousand dollars. I do not wish to prolong the idea but, I submit, it is a different kind of discretion which the Comptroller is getting here. I am not questioning whether a Comptroller is competent to make that decision because the Comptroller, through his agent, every day makes a decision on the line.
5.25 p.m.

I was merely saying that this seems to be a departure in the kinds of authority which we are giving in this kind of legislation. I was really drawing to the Attorney General's attention this change. That is all.

The question that Part 6 stand part was put and resolved in the affirmative without division.

Part 7 – Clauses 55 to 63, was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that Part 7 do now stand part.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

The question that Part 7 – Clauses 55 to 63, stand part was put and resolved in the affirmative without division.

Part 8 – Clauses 64 to 70, was called.

Rt. Hon. O. S. ARTHUR: I beg to move, Mr. Chairman, that Part 8 stand part.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

The question that Part 8 – Clauses 64 to 70, stand part was put and resolved in the affirmative without division.

Part 9 as amended Clauses 71 to 102, was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that Part 9 as amended do now stand part.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

The question that Part 9 as amended now stand part was put and resolved in the affirmative without division.

Parts 10 and 11 were called and passed.

Part 12 – Clauses 105 to 111, was called.

Rt. Hon. O. S. ARTHUR: I beg to move that Part 12 – Clauses 105 to 111 do now stand part.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

Mr. B. M. TAITT: Mr. Chairman, Sir, during the course of the second reading speeches, the question of the transitional arrangements was **raised** by the Honourable Member for St. Michael South Central and there was a partial response by the Minister. But there seems to be some judgmental difference about what will be the stocks around the period of transition. The Minister gave his response. But it seems to me that the merchants in Barbados, notwithstanding that at Christmas time they will have reduced their stocks and although the Minister of Finance in **his original** speech in the Budget subsequently suggested that they are taking steps, I wonder whether in the same way a person who is importing could implement the drawback system.

It seems to me that a system could be designed where during the period between October and December or some such period that there can be certain specified goods on which a person having sought to import let us say October 1st would signal to the Comptroller of Customs that she or he had imported the following goods, that those goods would be so identified and toward the end of the period they could specify that those goods had already been tagged. From January 1st a period could be given, let us say 45 days, wherein any goods which remain up to the 45 days would be exempt and thereafter the system would kick in without any problem. It is not going to be a problem for the major importers. The major importers **can** take the slack. There are about 10 of them in Barbados and they will have no problem. I think that the Minister's policy will apply properly to them. There are a few other types of people who import. One is almost afraid to say small importers, but a group of people whose capital is usually very slim and whose arrangements with the

bank are usually very tenuous. Those persons are going to find themselves in between the devil and the deep blue sea or in modern terminology between a rock and a hard place.

I wondered whether a system, however laborious it might first appear and however tedious it might be for the Customs people – the Customs people are accustomed to tediousness and tedium – might be devised that in order to ensure that there is not unnecessary hardship for certain kinds of people who may swiftly go out of business if they had a 3-month difficulty that there ought to be some red tag system or blue tag system that could operate or even a blanket arrangement for a basket of goods for imports below a certain level or up to a certain level. At the moment, for example, there is a miscellaneous group in the tariff identification where a person who is coming home can identify either a basket of goods or pay a specified rate or have the things identified and pay the specific rate. This is a matter which was raised during the time when the Democratic Labour Party was trying to put the system together. This was one of the issues we debated. Well, the Ministry of Finance has a way of resolving things. Ministries of Finance over the times that I can remember have a way of resolving those issues and deciding that out of an abundance of caution they are going to do it their way. But I was merely suggesting that, since you have the opportunity 3 years later and with hindsight, whether the new Ministry of Finance has seen any other light – I would not say purblind; that would be unreasonable – or whether the same attitude prevails. Listen, let the cap fit whom it will fit.

It just seems to me that when you are implementing an entirely new system some kind of transitional arrangements ought to be tried. I wonder if the Minister can give us an idea of what they attempted and why finally they had to come down saying that they cannot do it. There are people out there who are asking this question. When I first returned here, there were a number of people who did not know they could import. Some of those people are now importers and some of them have asked me this question and I do not really have an answer. There are a few people in the Eagle Hall area who import things. Some of the legitimate suitcase trade worry about this. How will they be dealt with when they arrive at the airport? Are they going to be dealt with under the old system or the new system? I wonder if the Minister will give us a response on that.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, this matter has addressed the attention of 2 Cabinets and it has been resolved by 2 Cabinets on the question of stocks and both have said "no" for good reasons. We are trying to get a new tax system off the ground. To complicate it with a large number of new administrative arrangements, most of which may not be clear, is just going to confuse the issue. The fact is the transition will last for the most a few weeks

and we have made a decision in keeping with what was decided by the previous Cabinet which is that we will not refund.

5.35 p.m.

The question of the suitcase traders, they will bring in new stock which will be subject to the new tax. The old stock will be subject to the old tax plus the new, but the suitcase business will bring in new stock subject to the new tax, if at all subject to tax. I do not know why he is quarrelling about the suitcase traders who have brought in goods that are not subject to tax at all. The sophistry of the argument is exposed by that case. Everybody wants to beat the system or in some respects to find some extraordinary way of complicating the system.

We want the transitional period to be as simple as possible. We accept, Sir, as Belize has had to accept, that there will be a little bump for a few months at the most, where there will be old stock with old taxes plus the new taxes, Sir. Once those old stocks are worked off, we get on with business, but we are not going to unnecessarily complicate the administrative bureaucracy at a time when the public needs to be clear about having these drawback systems or other systems, and that is the whole point why this Cabinet and the former Cabinet have accepted it. We are prepared to face the problem of whatever outcry there is and we are going to stand on our decision to proceed as we want to proceed in this matter. The suitcase traders will be bringing new stocks, Sir, and I hope they pay the VAT on them.

The question that Part XII stand part was put and resolved in the affirmative without division.

The First Schedule, as amended, was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that the First Schedule, as amended, be the First Schedule to the Bill.

Hon. D. A. C. SIMMONS: I beg to second that.

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

The Second Schedule was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that the Second Schedule be the Second Schedule to the Bill.

Hon. D. A. C. SIMMONS: On that, Sir, I beg to move an amendment. In paragraph 8 delete the word "public" where it says: "A supply by a public hospital." It will now read: "A supply by a hospital".

Mr. B. M. TAITT: Mr. Chairman, when they are drafting legislation the people who have to draft it have a difficult task, but if you look at – it is really the **First** Schedule and I **know** you are going to tell me you have passed that – but there will be anomalies like this, like the one in the First Schedule which I did not catch, where a fisherman is now going to be a person who is **certified** by the Minister responsible for fisheries to be a commercial fisherman. Under what regulations are commercial fishermen declared commercial fishermen by the Minister of Fisheries? If I can only get the Minister of Fisheries to listen to this, because he might be able to help us. It said earlier, although we have passed it and I am looking for other anomalies like it, but it says:

"A supply of approved goods to a person for use by him in commercial fishing, where he is certified by the Minister responsible for Fisheries to be a commercial fisherman."

Under what regulations does the Minister of Fisheries designate commercial fishermen? Is the Attorney General going to be making regulations? I am really asking because when this is passed we have to explain it to **our** people. Do we have any mechanism by which we declare who is a commercial fisherman?

Hon. R. C. EASTMOND: Mr. Chairman, the Fisheries Act which was passed, I think in 1993, allows the Minister to make regulations under the Act for the proper regulation of the industry. Indeed, right now it is a common practice for persons to register who go to sea as fisher people. There is a system of registration in place. The act of registration makes you a registered fisherman.

Mr. B. M. TAITT: Mr. Chairman, Sir, I tell you, I have a lot of fisherfolk in my constituency. There is not one of them who has a certificate that says "commercial fisherman". I **am** not saying that there is something wrong with that, I **am** saying that we need to make sure of this kind of thing so that when this comes into effect in January a fisherman who comes back in with his catch, like he did the day before, does not suddenly run into difficulties.

I am only raising it.

The question that the Second Schedule, as amended, be the Second Schedule to the Bill was put and resolved in the affirmative without division.

The Third Schedule was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that the Third Schedule be the Third Schedule to the Bill.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

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

The Fourth Schedule was called.

Rt. Hon. O. S. ARTHUR: Mr. Chairman, I beg to move that the Fourth Schedule be the Fourth Schedule to the Bill.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, Mr. CHAIRMAN reported the passing of one Bill, with amendments, in Committee, and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, the Bill was read a third time and passed.
5.45 p.m.

Order No. 7 was called.

On the motion of HON. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. DEPUTY SPEAKER left the Chair and the House went into Committee of Supply, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: This House is now in Committee of Supply.

ORDER NO. 7 – RESOLUTION TO GRANT THE SUM OF \$1 194 849 FROM THE CONSOLIDATED FUND FOR THE SERVICE OF BARBADOS

Hon. D. A. C. SIMMONS: Mr. Chairman, Sir, this Resolution for supplementary provision of **\$1 194 849** is in respect of the Ministry of Foreign Affairs, specifically. The funds are being sought to complete the purchase of property to be used by the Permanent Representative of Barbados to the United Nations and to do some small but necessary repairs to that property. The repairs relate to tightening some loose floorboards and doing some minor renovations to the basement to provide quarters for the housekeeping staff and to provide a powder room on the first floor for the use of guests to come to the house rather than having to go upstairs to the bedroom sections.

Mr. **Chairman**, on May 18, last year Cabinet agreed to the sale of the former residence of the

Permanent Representative to the United Nations at a place called 328 Fifth Avenue, Pelham, New York. The reason for the sale was that it was considered that that residence was too large and too costly to maintain and too far from the office of the United Nations to be practical for servicing the United Nations. I must interject in this debate that I am not very familiar with New York and I **try** not to go there if I can avoid it.

While it was agreed that that property at Pelham should command a price in the vicinity of \$1 million to **US\$1.1** million, it became clear after inspection that there was a lot of deferred maintenance that was required on that property and that the expenditure associated with that repair would have been in the vicinity of **US\$240 000**. The Government took a decision to sell the property on an as is basis, buy it as it is, no additional repairs and Government was asking a price of **US\$975 000**, received various offers and, ultimately, it was agreed that the property be sold for **US\$870 000**. A cash transaction ensued. It was bought on an as is basis for cash. The man put up the **US\$870 000**.

Having sold that, it was decided that a smaller property more functional and obviously less costly to maintain and perhaps nearer to the U.N. ought to be purchased for the Permanent Representative. It took about a year to find a property that was acceptable. In April this year a suitable property was located and if the Honourable Member wants the address – **Forrest Hills Gardens**, Queens, 14 Fairway Close. The price to be paid for that was **US\$975 000**. Pelham sold for **US\$870 000** and **Forrest Hills** bought for **US\$975 000**. Sir, the **Forrest Hills** property is in **good** condition predominately, except for the minor repairs that I mentioned that need to be done to the floor board and to put in a powder **room** and repair downstairs for the staff.

Now, Sir, how do we come to this supplementary? \$1.3 million was included in the Estimates for purchase of a property so that it was therefore a shortfall of \$650 000 and it was agreed that the short fall of \$650 000 should be met by supplementary funds. The Permanent Representative of the U.N. assumed duties in New York in June 1995. The Honourable Member for St. Michael West as often appears in the newspapers is familiar with his accommodation up there, Sir. He is in a furnished two-bedroom apartment at a place called the Sutton, an apartment hotel, 330 East 56th Street New York and rent is payable at the rate of \$7500 a month. The cost to the end of July 1996 including the security deposit was \$102 000.

The two household staff who have been there are continuing in the employment of the Government and no attempt has been made to terminate them. So the \$689 000 is to complete the funding to purchase the building. The \$168 739 is to do repairs to the structure and the \$337 000

for plant equipment and furniture. We need to furnish the residence. That is how the \$1 194 849 is counted.

In those circumstances, Sir, I beg to move that this Resolution stand part.

Mr. B. M. TAITT: Mr. Chairman, in many ways it is very unfortunate that the substantive Minister is on her way to Kuala Lumpur and not **here** to defend this action. I will not visit upon the acting Leader of the House, who is the Attorney General, and has no real responsibility for this transaction, the kinds of searching questions which I would like to ask the Minister in this transaction. Clearly this transaction has a lot about it that cannot be comfortable in the minds of knowing people.

The Minister was very arrogant about this when she came to the House and when the question was raised, in her accustomed fashion, she waxed warm about what she was going to do and how she was going to do it, in that manner which offends many people but does not offend me because I have got accustomed to that kind of attitude but the Minister himself and there are other Honourable Members of this House who have been Ministers of Foreign Affairs over the 30-year period that we owned the house at Pelham and one of the things that I always felt strongly about, still feel strongly about, and will continue to feel strongly about, is that Ministers of Foreign Affairs have a responsibility to tell public officers, because that is what they are, who are appointed to represent the country overseas that the country does not and must not and will not cater to the individual tastes of specific persons. I am never going to quarrel as a citizen of Barbados about the level of accommodation which should be accorded our representatives overseas. I feel very strongly that Barbadian representatives overseas are not overpaid that by virtue of the work they have to do and the size of the staff that we can afford that the ones who are good have to **work** very hard and do and have over time. So I will never be found or heard to be raising issue about whether they are living in sumptuous circumstances.

The details which the Honourable Member has given about what has to be done about the house I presume they would have been done in the context of advice of what is proper. I have no quarrel with that and won't get into that. I have a quarrel with the conceptual arrangements which we continue to make. We, here at Bridgetown, have to rely on advice and information which comes from respective places where you have outposts and very often the information and advice which come have to do with the peculiar tastes of individuals and sometimes these individuals are incapable of forming a correct opinion in relation to the environment in which they are functioning as opposed to the environment from which they have come.

I am not sure that what we have done is the best thing. Pelham was an old house in an old neighbourhood. In New York, that is important, to live in a certain kind of neighbourhood. The United Nations Ambassador does not have the immediacy of requirement which someone who is functioning as a consular officer might have to be accessible to Barbadian nationals who might live in a certain area. When you have found a particular house and let us say that the maintenance which was required was in fact \$240 000 our expenditure would have been \$240 000.

I have always believed about our people in Barbados – and I have said this to the people in Foreign Affairs but some of them don't believe it – There is nothing which prevents us from taking a builder, a contractor, a carpenter, a mason from Barbados and putting him on the staff of the Barbados Mission wherever it is and sending him or her to function to do repairs in wherever it is because the property on which the repairs will be done is sovereign territory and therefore there is no need for us constantly to have these sharp practitioners in the United States, or England, or Brussels, or wherever, whose understanding of what ought to be done is usually informed by their desire for a very fast and quick profit from these countries that don't really know much about what they are doing. That is their perception.

This premature sale of Pelham resulted in our taking for the new ambassador an accommodation at \$7 500 a month. That translates into **BD\$15 000** a month for a year. Make no mistake about it, what we do here now by the time it is processed he has another 5-10 months before he moves into the residence. You are a Minister, we all have estimates as to when it is going to be done. He has another 5 months before he moves. But let us give the benefit of the doubt – one year at **US\$7 500** is **US\$90 000**.

When the Minister came here she indicated we were going to make a fantastic profit. We sold the house for \$800 000 and she said we had bought it for \$110 000 so we were getting a fantastic profit. So what are we getting now? A smaller house in a lesser neighbourhood in Queens for more money, no profit and we spent \$102 000 in moving since then. Look, we bought houses and then somebody went in – it doesn't matter which side of the House they came from – they didn't like the house, so we sold that one. We bought another one and then somebody else didn't like that house and we sold that one. It is time that we settle down and somebody says, "this is the residence for Barbados. Live in it or you cannot be appointed."

This business that every time there is a change of Government we have to go through this process of selling the house here and moving to somewhere there, for a little country in 30 years we have had about 6 different movements of houses in New York. Do you mean to tell

me that the Honourable Member for Christ Church West or the Honourable Member for St. George South, especially the Honourable Member for St. George South, who lived outside of Barbados longer than almost any of us in here and who therefore knows what is going on, do you mean they don't have any judgment that when they make decisions that officers will move to a house that, pray tell, somebody has to come along soon thereafter and say this house is not good enough?

It is rubbish in my view and that is why when I went to the **Ministry** of Foreign Affairs I said that we are not **getting** involved in the sale of real estate, movement or anything, let us get on with doing the work we have to do. When you examine it some of the places that they complained about are places better than many of what the other territories of the Caribbean have to offer in terms of where their diplomats live. I don't have any quarrel with people saying they want better allowances or something is wrong with the maintenance. We have been **guilty** as a country of not paying attention to the maintenance of property overseas because we live in Barbados and we know you can paint a house every 22 years and we do not understand that when you live in the temperate zone you have to **maintain** the property which you own.

The Government would be well advised not only to make provision now for this money but to make provision for the sum of money for maintenance and I say the Government – including the one that I was in too. Ministers of Finance do not understand that if you have a property in New York you have to make provision every year after the snows to have it inspected and repairs done to the sidewalks, to the cracks that open up. Now some Ministers of Finance don't have the opportunity because they don't have the money at their disposal. That is true. Collectively, across the 30-year period we have not done good maintenance and, unless we have a proper maintenance schedule that is going to be kept just like we keep all the other schedules, we will continue to come in here with every year, we are going to be doing this and some other person is going to get up 3 years from now quarrelling about some house which was bought and sold.

We have not done well, because we have not always had good advice and sometimes, when we have had good advice we have not always taken it, but it is a travesty for a country that has people who cannot find housing here in Barbados.
6.05 p.m.

It is difficult for a woman who lives in Richmond Gap, who has been struggling with the National Housing Corporation for 7 years to get a house, to read in the newspapers that we passed \$1.1 million/\$1.6 million for a person living in New York. She does not understand. We must be able to tell her that it is necessary for

that person to live that way for us to maintain our sovereignty and to look good. By the same token, if we are doing it every 3 years, whenever it suits the fancy of somebody in the Ministry of Foreign Affairs we "Put a policy that we sell all the houses. Next 2 years another policy comes up, do not let us sell any houses. Two years later sell 1 house, keep 2". We have to recognise that we have come of age, Mr. Chairman. We cannot go along with this. I consider this to be a waste of money, not the purchase of this specific house. I know nothing about it and therefore cannot speak to it. I am talking about the confusion which seems to follow us all through the last 30 years.

If we had not sold the house at Pelham, we would be having expenditure this year of \$240 000, at the maximum. We sold the house, we are taking in less than we are expending, and we are going to spend some more to make it right for a place that the only advantage that I can hear, is that it is closer to the U.N. Mark my word. Write it down that I say that within a relatively short time they are going to discover that the place in Queens is not where the ambassador to the United Nations ought to be living.

If you pardon me, Mr. Chairman, my information is that the present ambassador does not think that it is the right place. We have appointed someone who is responsible for all of real estate everywhere. I think that is an **error**. I do not question the judgement of the person as a professional, but I think that it is an error for us to have **someone** who lives in New York to be responsible for real estate in London.

You mean to tell me that somebody in New York will know more about what is going on in real estate in London, than say, the High Commissioner in London? The High Commissioner in London would not be able to tell what is going on in real estate in London better than somebody who is functional and has been resident and domicile in New York? It does not make sense to me.

So we appoint this Guru. This real estate Guru is now in charge of all real estate outside of Barbados. Rubbish, Mr. Chairman. You mean to tell me that the first Secretary in a Mission overseas cannot advise the Government about housing wherever he or she is? We have to appoint somebody to traipse up and down from New York to London to tell the people in London about their housing? Mr. Chairman, that is a travesty.

Asides.

Mr. B. M. TAITT: I like it because that is the only word that the English Language has to describe rubbish, stupidity, calaloo, bacchanal. I do not want to say corruption, Sir, because I am not saying that.

Mr. CHAIRMAN: The Honourable Member has one minute to wind up his presentation.

Mr. B. M. TAITT: I just wish that we did not have to have this debate every 2 or 3 years, or this discussion. These figures are only symptomatic of what we have done over 30 years. Both Governments have wasted, I want to say this slowly, both Governments have wasted substantial sums of money because they have been ill-advised or have taken bad advice on this whole question of real estate outside of Barbados. I must say, I may not have been perfect, **but** the Government of the **day** is falling into the same trap all over again.

The newness of taking over is the problem. What is required is that you should appoint a Guru here in Barbados who could at least bring some measure of sanity to the **thinking** and recommendations of the powers that be in the various outposts who are inflated, from time to time, with an overabundance of self-importance, and who feel that they know everything. I know because I was once like that.

Asides.

Mr. B. M. TAITT: Yes. When I was in New York I thought that everybody in Barbados could nor possibly know anything about New York, and I knew everything. Twenty years later, 30 years later I recognise that I was only 95% right.

Asides.

Mr. B. M. TAITT: I could not resist that. I had to do that for the Honourable Member for St. James South, Sir. If I do not put the records straight, she would use that against me.

Seriously, I think that we **need** to have a policy that helps us and, to save ourselves from this kind of approach. I feel that way about it, Mr. Chairman.

Mr. D. St. E. KELLMAN: Mr. Chairman, I also rise to speak on this particular Head, Sir. I find it extremely difficult, Sir, after listening to the Minister a couple of months ago, one was given the impression that this sale would have been to the benefit of this country. Now today, Sir, the figures have been produced, one would see that this sale has cost the taxpayers \$129 364 more. The new house is US\$975 000. It cost \$84 364 to repair, we would have paid so far \$180 000 in rent, giving a total \$1 239 364 to acquire this new property. If we had repaired the previous house at Pelham, which, as far as I understand from all Ministers, was one of our finest properties that we ever owned, if we had done does repairs, Sir, the total cost would have been \$1 110 000.

I am saying, Sir, that the Prime Minister of the **day** must take a decision on this. At a **time** when we are asking the civil servants to take restraint, Sir, we cannot have people, and it is regrettable that I have to reply to the Honourable Member for St. Thomas who is only introducing this – I would like him to know that these remarks are not directed to him – as a citizen of Barbados and a person who represents the interests of the small **inan**, Sir, I find it is disgraceful, Sir, that at a time when we **are** asking everybody to be constrained in their tastes, we are prepared to give away again \$1 239 364, Sir.

What womes me, Sir, is not so much having to pay an additional \$1 239 364, but what price we would get for that property if we were to sell that property to date. I somehow believe there is no way we would receive \$975 000 for that property and this has nothing to do with the repairs. The impression is that this property is so situated that it cannot fetch the value, and we must question this, Sir. We must question this on behalf of the poor people of Barbados.

At a time when we are asking people to have restraint, Sir, we **are** hearing that 'we have people who might even be asking Government for a fee for finding us a house of this value and of no worth.

I would like to know the valuation on this house as it stands today, Sir. I am not happy with this purchase. After hearing what was said before, I agree with the Minister to sell the property. The impression given is that we would have saved so much money, and if you are going to tell me that after saving so much money you turn around and spend more than what you receive, I want to know who is the accounting officer.

I have been accused. Mr. Chairman, the timing is right. I have been accused of misleading the sugar industry. I want to know now who is misleading the Prime Minister and the Government of this country. The evidence is now here, Sir, and it is clear. The old people said time is a wonderful thing.

Asides.

Mr. D. St. E. **KELLMAN**: No. They also said that time is a wonderful thing, that if you wait, in time you will get to know everything. Today, Sir, I have waited and now the evidence is here that there is some finance officer who is giving wrong results to Government. He is telling the Government that if you receive less and spend more you make a savings. I want to know who this officer is, Sir, because this officer should be called home and given a spanking. He has not been given a **day**, but he will be honoured. You can rest assure that he will be honoured. He has not received a day but he will be honoured for

causing the taxpayers to spend a lot of money that they should be saving, Sir.

6.15 p.m.

I am saying, Sir, that in future, and I am calling on this House, the next time a property is to be sold belonging to the taxpayers, this decision should be made by this Parliament. We cannot afford to have a situation again where any Minister or Finance Officer, takes up a property belonging to Government, gives it away and then turns around and buys at a higher cost a property that does not have the value. We cannot have that. I am saying to you, Sir, that you also have a right to speak out against these things.

Thank you very much.

Hon. D. A. C. SIMMONS: Mr. Chairman, I am indeed grateful to Honourable Members for the frankness with which they spoke, and the factual illumination that came from that side, particularly the Honourable Member for St. **Michael** West who is familiar with New York. Perhaps, since he knows the Pelham property and the Honourable Member for St. Michael East, this new property consists of 4 bedrooms, 3 bathrooms on the second floor, 2 bedrooms, a bathroom and an area for storage on the third floor, and the first **floor** houses a double living room, dining room and a kitchen. In addition to that then you have a basement which is being used as the household help quarters and an outdoor area for entertaining which can accommodate up to **100** persons.

I do not know how it compares with Pelham. I stayed at Pelham once when Don **Blackman** was there, in 1978 or 1979. It was just for a night so I do not have any memory of it. I will undertake, Sir, to convey to the substantial Minister of Foreign Affairs the concerns of Honourable Members.

Mr. B. M. TAITT: Sir, if the Honourable Member would give way for a moment. I wish him to convey not only the message but the tone, the attitude, the ire, everything. I know the **Attorney** General will do it, Sir. I wish him to let the Minister know in no uncertain terms how we feel about it.

Hon. D. A. C. SIMMONS: There are points made, particularly by the Honourable Member for St. Michael West to which I think us **as** a Government ought not only to hear, but to listen. I have very strong views myself on these overseas missions and properties. I will convey to the Honourable Minister the concerns of Honourable Members, and I say there are points made **which** are worthy of careful note and in some cases action on our **pa t**. I am grateful **to** the Honourable Member, really deeply grateful because I know he knows what he is talking about in this area.

I am obliged to you, Sir.

I beg to move therefore that this Resolution do now pass.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

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

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, Mr. CHAIRMAN reported to His Honour, the DEPUTY SPEAKER, the passing of one money Resolution in Committee and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, the Resolution was read a first and second time and passed.

ORDER NO. 3 - THE FINAL APPROPRIATION (1995-96) BILL, 1996

Rt. Hon. O. S. ARTHUR: Mr. Deputy Speaker, the Financial Administration and Audit Act provides that **as** soon **as** practicable after the end of each financial year **there** should be a final Appropriation Bill submitted to Parliament containing any request for non-statutory expenditure that would have been brought to Parliament during the course of the previous financial year. It is the convention that these matters are not subject to extensive debate because they would have already been debated in Parliament and contrary to the rules that would not allow Members to dilate on any previous matter concerning Parliament.

I beg to move that the Final Appropriation Bill be read a second time.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, the House resolved itself into Committee on the Bill, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 - 4 inclusive, were called and passed.

The Schedule was called and passed.

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS, Mr. CHAIRMAN reported to His Honour, the DEPUTY SPEAKER, the passing of one Bill in Committee and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

6.25 p.m.

On the motion of Rt. Honourable O. S. ARTHUR, seconded by the Hon. D. A. C. SIMMONS the Bill was read a third time and passed and cited as the Final Appropriation Act, 1996.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, that concludes Government Business for today. Before moving the adjournment formally, I wish to alert Honourable Members that it is proposed that we will get a rest from our labours after **Tuesday**. On Tuesday we propose to do the amendment to the Education Act. There is a 3-hour supplementary.

Aside.

Hon. D. A. C. SIMMONS: Some necessary expenditures have to be incurred before we resume. We have to pay the contractors for the prisons. You will hear the reason on Monday. I will tell you later on tonight. It is the same amount of money. That is all we will do. Obviously the supplementary ought be, probably, the longest for the day.

ADJOURNMENT

Hon. D. A. C. SIMMONS: I therefore move, Mr. Deputy Speaker, that this Honourable House do now adjourn until Tuesday, August 20, 1996 at 10.00 a.m.

Rt. Hon. O. S. ARTHUR: Seconded.

The question was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.

6.30 p.m.

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