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THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 - 2004

HOUSE OF ASSEMBLY

Tuesday, December 14, 1999

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, December 14, 1999.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed. (Speaker)
His Honour J. M. EDGHILL, J.P. (Deputy Speaker)
Hon. Sir Henry FORDE, K.A., Q.C., M.A., LL.M. (Cantab.)
Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.) (Prime Minister, Minister of Finance and Economic Affairs) (Minister for the Civil Service)
Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs) (Leader of the House)
Mr. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)
Hon. Sir HAROLD St. JOHN, K.A., Q.C., LL.B.
Mr. L. R. TULL, Q.C., M.A. (Oxon)
Hon. Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)
Hon. Miss B. A. MILLER (Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade)
Hon. G. W. PAYNE (Minister of Tourism and International Transport)
Hon. R. C. EASTMOND, J.P., B. A. (Hons.) Dip. Ed., LL.B. (Hons.) L.E.C. (Minister of the Environment, Energy and Natural Resources)
Mr. D. CARTER (Chairman of Committees)
Hon. R. N. GREENIDGE, B.A., LL.B. (Minister of Labour, Sports and Public Sector Reform)
Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands)
Hon. R. D. MARSHALL (Minister of Public Works and Transport)

Hon. H. F. LASHLEY (Minister of Social Transformation)
Hon. R. St. C. TOPPIN, LL.B. (Minister of Commerce, Consumer Affairs and Business Development)
Mr. D. St. E. KELLMAN
Miss H. E. THOMPSON, LL.B.
Hon. Miss M. A. MOTTLEY, LL.B. (Minister of Education, Youth Affairs and Culture)
Mr. M. Z. WILLIAMS
Mr. T. A. PRESCOD, B.A.
Rev. J. J. S. ATHERLEY, B.A., B.Sc. (Parliamentary Secretary to the Attorney General and Minister of Home Affairs)
Mr. D. T. GILL, B.Sc.
Mr. N. A. LYNCH, B.Sc., M.B.A.
Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil (Minister of Agriculture and Rural Development)
Hon. R. R. FARLEY, B.Sc. (Minister of Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, December 1, 1999.

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, December 1, 1999, which Minutes have been circulated, be taken as read.

Hon. R. N. GREENIDGE: I beg to second that, Sir.

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

PRESENTATION OF PAPERS

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am commanded to lay the following:

1. The Value Added Tax (Refund) (K&R Freight Services) Order, 1999.
2. The Customs Tariff (Amendment) (No. 4) Order, 1999.
3. The Betting and Gaming Duty Order, 1999.

FIRST READING OF BILLS

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, the following Bills were read a first time:

1. The Property Transfer Tax (Amendment) (No. 2) Bill, 1999.
2. The Value Added Tax (Amendment) Bill, 1999.
3. The Land Tax (Amendment) Bill, 1999.
4. The Insurance (Miscellaneous Provisions) Bill, 1999.

SUSPENSION OF STANDING ORDERS

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, I beg to move that Standing Orders Nos. 6,16,18,20,42(5), 43 and 44 be suspended for the remainder of today's Sitting.

Hon. G. W. PAYNE: I beg to second that, Sir.

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

GOVERNMENT BUSINESS

Mr. Speaker: Order No. 4.

ORDER NO. 4 - THE LAND TAX (AMENDMENT) (NO. 2) BILL, 1999

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, there are many matters before the House arising from the announcement of Budgetary Proposals of 24th August which we propose to deal with today in their entirety. Two in particular, the amendment to the Land Tax Act and the amendment to the Property Transfer Tax Act constitute part of an effort by the Government to bring about a reform of the taxes of property in Barbados. I propose in my second

reading speech, Sir, to speak broadly to the two, to the extent that they may encapsulate certain principles that are in common.

Sir, may I also say that I welcome this opportunity, although I may speak briefly, to give some clarity to some of the issues arising from the new rates and new institutional arrangements for the administration of the tax. The principles of taxation say that taxes have to be certain in their incidence. While the Budget presentation allows for the Minister to specify, very often interpretations can be applied so that even the most clear statements can be misinterpreted that might not have been in the mind of the Minister at the time when the statement was made. It is also true that in matters of tax reform it is not just the concept but the way in which things are to be applied.

I just want to make the general point at the outset, Sir, that taxes on property in Barbados include the Property Transfer Tax, Land Tax and Stamp Duty.

Asides.

Rt. Hon. O. S. ARTHUR: The point I was making, Sir, is that the taxes on property in Barbados are threefold but they have never assumed a major proportion as a major importance as sources of revenue; they have not attracted the same kind of analytical and policy consideration as taxes on income or taxes on goods and services. For example, Sir, the Land Tax has varied between \$35 million and \$50 million over the course of the last ten years and indeed, the Land Tax has now become a declining proportion of the Government's total revenue. Less than 4% of the revenue is the Land Tax. The Property Transfer Tax constitutes only about \$20 million in revenue in a total revenue take of \$1.5 billion.

Asides.

Rt. Hon. O. S. ARTHUR: As a result, therefore, Mr. Speaker, you had a situation evolving where these taxes which are relatively modest revenue earners have come to be surrounded by a lot of unnecessary convolutions, too many rates; too many discretionary concepts; great uncertainty pertaining to the way in which the taxes should be applied; great difficulty in administering the taxes and I would say, Sir, great difficulty in administering taxes that are yielding a very small portion of the revenue. The reality is that for now we have to look to simplify.

It is also true, Mr. Speaker, that we have to find a way of reducing the transaction cost of doing business in the country. When the business community in particular has to confront fiscal and other measures by the Government that involves a lot of time, it adds to the cost of doing business, Sir. We can further add that when taxes are unnecessarily

discriminatory, distortions take place in the country in terms of the flow of investment between respective purposes. 11.30a.m.

There is an even broader point, Sir, I want to stress this point today that we have to be consistent in preparing this country to participate in the new global society. The new global society in which we will live is one in which increasingly international trade and tax arrangements and multilateral investment arrangements will incorporate a number of important precepts. The first is, Mr. Speaker, that national treatment must be extended by all countries to capital, to intellectual tax properties and to goods and services coming from the rest of the world.

In this respect, Mr. Speaker, we have already seen this principle encapsulated in at least one double taxation treaty between Britain and Barbados, where Barbados undertakes to treat British investment interest in Barbados in the same way that we treat Barbadian interest. We are to expect, Mr. Speaker, that as a society which is seeking to build an export service society in a global context on the proliferation of bilateral investment treaties and double taxation treaties, it is going to become more and more the norm that national treatment has to be the order of the day.

There is an additional point, Sir, in that international economic relations are based from the precepts of most favoured nations status, in that what you do for one, you have to do for every other entity finding themselves in a similar situation. In fact, I am rather surprised that nobody has yet ask the Government of Barbados to apply the same treatment that we extend to Britain to all other entities that we have double taxation treaties with, in relation to taxes on property. Therefore, that principle of most favoured nations treaty will mean that we can no longer be discriminatory. Hence, the three important precepts in international relations are national treatment, most favoured nations status and non-discriminatory behaviour. In every instance in our tax code and in our international trade arrangements where there is discrimination or less than most favoured nations precepts guiding the definition of policy, we are going to have an obligation over time to make the necessary arrangements.

As I said, Sir, there were fundamental defects in the property transfer tax that would have stood in the way of our being able to carry that with us in the future as a tax that can function in a global society where non-discriminatory and most favoured nation status applies.

May I also remind the House, and if the Honourable Member for St. John will take the point, that one of the reasons why we have moved to a Value Added Tax system is because in large part the whole consumption tax system was discriminatory. It drew a distinction between CARICOM and non-CARICOM members and clearly that

could not work in an age of national treatment. Therefore, we have through tax reform to begin systematically to prepare the society to function in this new global society. That is in part one of the purposes that has inspired the structure of the measures that were brought before the House in August of 1994. It lends itself to the very easy criticism that we are expending benefits to foreigners that we are not extending to nationals when we put them on the same basis as nationals. The whole brutal reality is, that those are the new rules of the game in international transaction. They will not only affect taxes but they might eventually come to affect some of our services.

I would have already said enough in this House to urge services, for example, in the food processing industry, to prepare for the fact that Barbados cannot stand splendidly always in the breach and apply discriminatory policies to people's capital and intellectual property. We must move to a stage where we are part and parcel of what is happening around us.

I must also say that tax reform also has to be guided by the precept of incorporation indexation. We build into tax laws, thresholds that have not change for many years and eventually we have to reform the tax system in order to allow for indexation.

Sir, the land tax and the property transfer tax, the way they both existed, were convoluted, cumbersome and difficult to administer and needed to be simplified. They imposed, I do feel, a certain level of hardship on the productive sectors that had to be remedied. The general structure of the property transfer tax was in defiance of the principles already accepted in our double taxation treaties and hence we have to bring that in line with new global realities.

I would have already spelt out in the House during the Budget debate, the tremendous difficulties in administering land tax under the existing format because it is multitiered and distinctions were drawn between different kinds of taxpayers, hence, a pensioner was in a different bracket from an owner/occupier and an owner/occupier was in a different bracket from a person who had a house that he wanted to rent.

Asides.

Rt. Hon. O. S. ARTHUR: The Honourable Member for St. Lucy is on a furious frolic already. We are protecting the pensioners. Under the existing, not the ones we propose...

Asides.

Rt. Hon. O. S. ARTHUR: The point I am making, is that in putting yourself in a position of a person in the Land Tax Office, where you have to determine whether the entity before you is an owner/occupier, or that he has a house for

rent, or if he is a pensioner and if he is abusing the system by having too many family members living in it. All of this is foolishness. Many public officers sometimes tend to try to stop people from beating the system, when what they should be doing is helping us to develop a better policy. So clearly, we have to reduce those distinctions because some of them are irrational.

We, therefore, are encouraging Barbadians to help us to deal with the problem of homelessness and the tremendous shortage of houses but then, you impose a higher tax rate on a house that a man rents than on a house in which he lives. Our concern must be to find solutions to the problem of shelter for of all Barbadians. Therefore, to have a different tax rate when a man has a house renting from that which he is living in, is a joke. In any case, nobody in the tax office will ever be satisfactory able to tell the man that he is not living in his house because people do not draw a contract to that in Barbados. So we had that kind of problem.

Therefore, the tax rates should be set simply. If you are going to set a rate of 0.58%, set that, but what you do not do is to calculate the value of someone's property, give them a rebate on that property and then charge a rate on it. It is better to set an effective rate to begin with. Our old system had all of these different classes of people and had built into it a rebate and then the rate charged on the net value. You can accomplish the same thing by charging one low rate on the full value thereby simplifying the life of everyone. Those are the kinds of solutions that we are seeking to find.

In relation to land tax, under the old system the nominal rate of tax was 0.8%. In the case of owner/occupier residences there was a 30% rebate. If the value of the house was less than \$100 000 the rate was 3% and above \$100 000 it was 8%. Now, On either land you will pay at the full rate of 8%. For Hotels and manufacturing entities there is a rate of 8% but there is a 50% rebate. On agricultural land, there is a distinction between site value and improved value and a rebate again. The whole thing is too complicated, therefore, we have decided to simplify the system. 11.40a.m.

Mr. Speaker, you will recall that in the Barbados Labour Party Manifesto we pledged that we were going to ensure that the land tax rate was reduced in favour of income and property owners below the \$200 000 threshold. We had also pledged that every time there was a triennial re-evaluation that we would review the structure of the tax.

The effective rate of tax under the old system was 0.5% for properties above \$100 000, so what we have done is to introduce a simple system where for the first \$200 000 in improved value the rate now is 0.2%, for the next \$300 000 the rate will be 7% and above that 1.2%. What this has

meant is that all properties in Barbados valued at less than \$350 000 on the basis of the last re-evaluation will benefit from a reduction in land tax.

It has to be part of the responsibility of Government, Mr. Speaker, to look after the most vulnerable because in every tax reform exercise some will win and others will lose. In this particular instance, there are about 39 000 households and of those 34 000 will benefit from the new change in the land tax structure of Barbados. The most vulnerable will benefit.

It is also true, Sir, that persons in the higher rung who have properties valued at half a million dollars and more would have found that their land taxes would have gone up. I must also say that a large part of the reason why there is an outcry now in Barbados about land tax is not so much because of the rate but because of the very steep increases in value. Again we have to be balanced on this matter. A large number of Barbadians have no difficulty with the land values when they are going to sell and the law requires that the Commissioner of Land Tax takes into account the price that can be set for properties in this country in determining the improved value of property.

We are aware of the glamour stories where people in Barbados have been selling property for very handsome amounts. Land values become an issue when they go up in the triennial valuation as happened in this instance. In fact, Mr. Speaker, it is my view that some of them are extraordinary even by the standards of recent escalations that we apparently seem to be coining to in Barbados. Some have been extraordinary.

I was informed that the average rate was 15% but it is absolutely true that some house owners might have a genuine grievance because some of the values are large and it has less to do in many respects with the intrinsic value of the house than the district in which they happen to live. In those instances, Sir, there is great sympathy for them and I have in my budgetary presentation told them that the Land Valuation Act provides for appeal to the Board. I am urging the people who have a difficulty to apply to the Board.

As a Minister, Sir, I do not set the values. I have sympathy with the persons who are caught by the general development in the country and find themselves living in districts where around them values have gone up. There is a valuation in some respects based upon the general commercial worth of the district but I am urging people to utilise the facilities.

The reports before me, Mr. Speaker, is that the number of objections to valuations have been so few that the present Board has only met once since 1995. I am prepared

Mr. Speaker, to be very liberal and give discretion for people to have more time where there is a genuine grievance about the valuation. We have to be sensitive to these things, Sir.

At the end of the day people cannot have it both ways. Some of them are also selling similar properties at tremendous prices. In fact, it was a constituent of the Member for St. James North who complained very bitterly and it was carried in the front page of the Press that he was offered \$5 million for 500 square feet of land in Barbados and felt that he was being done a great injustice and wondered why people were trying to do that to him. So we have these things that we have to be sensitive about.

It is not the Government's intention to work a hardship on people either by rates of taxes or valuation. That is why we have a Land Valuation Board to hear appeals and a Land Tax Appeal Board to deal with instances where there are genuine cases of hardship. I am pleased to say, Mr. Speaker, Sir, that the Land Tax Relief Board which deals more with cases of pensioners has been hearing an escalating number of cases and has been sensitive to them. If I could illustrate, Sir. The number of cases heard by the Land Tax Appeal Board has increased from 2 694 in 1995 to 4 770 in 1999. So I would wish persons to use the facilities.

The point offered, Mr. Speaker, is that it is the responsibility of the State to look after the most vulnerable in the society. Everybody living in some constituencies in Barbados land tax would have gone down. If we have restructured the land tax to capture about 80% or more of all homeowners in Barbados then we have fulfilled our responsibility to look after the most vulnerable. I go further Sir, land tax has also been restructured in Barbados to ensure that the productive sectors will now pay land tax at a lower rate than they were paying before. The applicable rate was 0.8% and we have dropped the applicable rate from 0.8% to 0.7% for manufacturing and hotel industries and to 0.2% for agriculture.

I must tell you, Sir, that I could not be persuaded to reduce the rate on idle land. I do not think anybody in the House would want me to do that but what we have therefore done in relation to residential land tax is to let the people owning properties - the middle class, the lower middle class - benefit. All the productive sectors benefitted. We maintained the penalties against idle land and we have abolished the distinction between owner occupied and rental. There are a large number of Barbadians whose only investment in this country is the extra house that they own and they will now be benefiting from this as well. I think that is the correct thing to do, Mr. Speaker.

We have also sought not to take away the benefit that pensioners enjoy. Whereas the ordinary person was allowed a rebate of 30% on their improved value, pensioners have hitherto enjoyed a 50% rebate on the improved value of their properties and we have retained that. Pensioners as a class

are vastly better off because they are now paying on 50% of their land tax and if their property is under \$200 000 they are paying 2% rather than what it was before.

I believe, Mr. Speaker, that if we have restructured the tax to capture the productive sectors, the most vulnerable sector in the society, that we have to live with the criticism that some people will be vexed with us because their taxes have gone up. Mine has gone up, Mr. Speaker, on 1A rather than IB. That has remained constant because that is covered by a restrictive covenant.

That was the intention, Sir, and as I said, those persons who have legitimate concerns about their value I am pleading with them to use the facility expressed in the law and the Government will be prepared to be flexible about the deadlines that will be exercised. We recognise that some people are captured by where they live rather than by the value. I am going to urge the GIS to publicise it because it is not our intention to do hardship. 11.50a.m.

I just want to say, Sir, that there are some people who greatly value living in this country and have come to Barbados and helped to distort land values. Some people have come here and have made a big point of licking down houses to build \$40 million houses and then they write you to tell you how much money they have had to spend to maintain the quality of life on this island. I have seen these letters, Sir. A man wrote me saying that he has to spend \$ 118 000 on cocktails parties and so on per year to maintain his property but he does not want to pay the land tax.

Asides.

Rt. Hon. O. S. ARTHUR: They are not my friends. People write these letters telling me that these are the range of obligations that they have, to maintain a lifestyle appropriate to a multimillion dollar house in Barbados but then they ask: Why are you charging me land tax?

We are charging land taxes, Mr. Speaker, Sir, because it is precisely those sort of people who have made it necessary for us to have to strengthen the police forces, to improve our roads, to enhance the environment and so on. I would think, Sir, that proportionate to their wealth must be their contribution to the Exchequer.

Mr. Speaker, Sir, Barbados has come also, as you might know, in the international Press, to excite some criticisms for the fact that we are allowing people to build these multimillion dollar houses in this country. The Government cannot stop Barbadians from selling land but when people buy land in Barbados and build these large houses, I will expect them to pay a contribution to the Exchequer.

Mr. Speaker, Sir, I am not apologetic about that issue at all, Sir. If they were in the Bahamas they would be paying land tax at 2.2% of the improved value of their property. Our property taxes in Barbados are not out of line with countries at a comparable level.

Sir, there are also people who are, in their own home country, paying a large number of municipal and other property taxes without quarreling but then they want to come to Barbados and build these grand edifices and believe that they should live a subsidized life of luxury in this country.

We welcome them and I am not ever going to impose any Aliens Landholding legislation in this country. In 1975 a Bill was drafted but it was never brought to the House. The fact is, Mr. Speaker, Sir, that to band foreign ownership by way of legislation would be contrary to international obligations anyhow and would also be contrary to Protocol II so we cannot go that way. So, you come, you buy, you build, you pay.

Sir, the last point I want to make on the land tax is that it was intended to be revenue neutral because we would have had, in giving concession to pensioners, to give everybody below \$50 000; all the agriculturalists and to all the sectors. We have given up revenue and that will be made up for by the increased revenue on the properties above \$350 000.

I want to make a broader point about land tax, Sir. You are aware that in the course of the last fifteen years there would have been at least three amnesties on land tax in Barbados. There was one in my Budget Presentation in 1998 when I determined that all outstanding amounts owed to the land tax for period 1972 to 1981 should be written off because it was too difficult, too niggling and it was causing bad faith and many people justly felt that they had to pay twice. I heard the Opposition, Sir, we listened carefully and we wrote it off because it was a reasonable thing to do. We told persons that for the period 1982 onwards, which we could more easily verified, would be a period free of interest and penalty, provided that they make arrangements for settling.

The House will be surprised to hear that rather than try to bring their arrears to some happy resolution persons are increasing their arrears of land tax. I am not going to agree that we should have two 'Barbadoses' because the people in Barbados who are most fearful of the tax man are not the intelligentsia or the middle class. The working-class people pay their taxes, Sir. People come down from the country to town very early in the morning and as a matter of religious faith, they pay their taxes. Sir, many of them do it with great hardship because they have a pride in what they are doing.

Sir, we are having a society where people believe - people who know better too - that they can beat the system

and that if you are dealing with the Government that the Government is going to be afraid of the negative publicity by being afraid to harass people for paying what they owe.

I want to make a broader point, Sir. If everybody who owes the Government were to pay the Government - course, the Government still has to pay the people who its owes too, and I will deal with that later - if everybody who owes the Government pays the Government, we would be able to afford more tax relief. The amount owed now on land tax is rising to almost \$100 million. The VAT outstanding amount is about \$50 million. Obviously, the existing rate would yield enough revenue to generate a surplus if people would just honour their obligations.

I must tell you, Mr. Speaker, that having been party to the granting of a very generous amnesty because it is not the Government's intention to write off principal ordinarily, you give people an ease on interest and penalties but having agreed to write off principal as well and to try to put things right, people must also put themselves right. I must tell this House that I have given very clear directives to the Commissioner of Land Tax that he must exhaust every possibility to deal with those who feel that there have no obligations to respect their tax liability, Sir, that I will not, Mr. Speaker, Sir, be exercising any ministerial discretion to persons who have a legitimate cause to plea hardship and that they must plea that hardship before the land tax relief board. Sir, I thought I would make that point in relation to the land tax.

Sir, in relation to the property transfer tax. This tax is a tax that yields about \$25 million a year. The tax, again, as presently structured makes a distinction between nationals and non-nationals. It also makes a distinction in rates between vendors and purchasers. I feel, Mr. Speaker, Sir, that all of us in the House will agree that the most efficient and effective tax is a tax that should be paid out of a known source of revenue. Hence, a tax on vendors is a more equitable tax, because the man is selling, than a tax on purchasers.

In the absence of statutory provision to relieve the payment of property transfer tax by purchasers, successive Ministers of Finance have had to grant discretionary waivers of the tax payable by purchasers because it has been one of the biggest disincentives to investment in this country. A tax payable by the purchaser is saying to the purchaser that even before you could get possession of your assets to be able to use them for productive and income generated purpose, that you have to pay an amount on it. It was really a very serious tax on investment and the Government does not want to penalise investment. The burden of tax should fall on a source of income and fall on consumption.

Sir, it is reasonable that in reforming the property transfer tax we should remove the immediate distortion that has it falling on a transaction where the person to pay the tax does not have a source of revenue relating to the asset from which the tax can be paid. It becomes a distortionary mechanism to the extent that it penalises investment.

The broader point, Mr. Speaker, Sir, is a point to which I already alluded, that we have, more and more, to build into our tax code non-discriminatory practices that do not discriminate between nationals and foreigners. 12.00 noon.

Also, Mr. Speaker, we have to apply the most favourable precept that what we do for one, we have to do for all in a similar circumstance. In the Double Taxation Treaty between Britain and Barbados, British investors in Barbados have been treated in Barbados for the purposes of the Property Transfer Tax like any Barbadian.

The investors at Westmoreland face the same liability for the Property Transfer Tax as a Barbadian. They pay only and have been paying only at 5%, even before these measures were being brought to this House. Sandy Lane - as a British investment benefitted from the provisions of the Double Taxation Treaty and may be treated like a Barbadian in Barbados although they are foreigners.

We have therefore evolved in a Property Transfer Tax system that puts a British investor on a pinnacle relative to all other investors in relation to his standing before the law in respect of his liability to tax.

Mr. Speaker, Sir, we must have a global view of our relationships and there is nothing intrinsically that must say that a British investor must be so favoured. In fact, I am surprised that people have not already challenged that on the grounds that anyone in a similar circumstance should be treated the same way, because \$1 worth of foreign investment to Barbados coming from Timbuktu is worth the same as a dollar coming from Britain.

Sir, when the Honourable Member for St. John granted tax concessions to Westmoreland, it was based upon a Double Taxation Treaty...

Asides.

Rt. Hon. O. S. ARTHUR: I am coming to that too. I am not going to get into a discussion on Port St. Charles because it is the same principle, because if people are taxed when they are acquiring property, you will distort investment. The reality is, Sir, that almost every Minister of Finance in this country has been asked to waive the Property Transfer Tax in any major investment, because it is a transfer tax on purchases, but it is a deterrent to investment.

We are seeking to simplify the Property Transfer Tax to remove the distortions and discriminations and to make it more consistent with the new international norms. We are also seeking to remove its deterrent value to investment and to make it a tax that can be easily applied, so that people will not have to depend on ministerial discretions for waivers. The rates will be known, built into law and operated upon the basis of an express statute.

I must impress upon the House, Sir, that the best way when governing a country is to reduce the extent of ministerial discretion that can affect investment decision making and write things into statutes. This is part and parcel of that process, Sir, of taking the unwieldiness out of the administration of our affairs because many people had to wait for long periods of time, as the Honourable Member for St. John well knows, for the Minister sometimes to have exercised a discretion and now it is written into the law.

Sir, the Honourable Member for St. John in his Budgetary reply raised the issue as to whether or not we should not have gone the way of a capital gains tax. I am happy to report to the House the matter as to whether or not Barbados should have a capital gains tax or not was seriously investigated by the Government officials. They have advised against it for now, on a number of grounds. First of all, Mr. Speaker, Sir, the existing legislation in relation to taxes on property in Barbados speaks to shares and land on which there is a building. Capital gains would have to apply to a large number of other transactions to waive the transfer of assets.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. I was not calling for capital gains tax generally, I am saying the way in which the Transfer Tax should be exigible should be on the difference in the value when purchased and the gains in the value when it is sold.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I was going to induce the whole range of arguments that you have to bring more items into the matter to get a true capital gains tax, not just land and shares, but other assets. Then, Mr. Speaker, we would have to devise a myriad of new assets rules, timing rules, rules to determine losses and gains. There is still a large body as to how capital gains should be brought to account. Trinidad has a version of capital gains that is different from that applied elsewhere. The question is whether to have capital gains as separate or whether it should be brought to income. This is a very ticklish issue, Mr. Speaker.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, for a tax that is going to yield \$20 million, to have to reintroduce a whole new set of institutional arrangements and also there is the question of whether it will be added to income or stand alone as a capital gains tax, because Trinidad's Capital gain is added to income.

Then, there is an additional issue, Mr. Speaker, Sir, as to how to categorise a lot of these transactions. The notion of capital gains can very often lend them to new loopholes. We felt, that to the extent that you are talking about a tax that is not a large part of the tax system, to have to introduce a new set of institutional arrangements as well as to deal with a new act, was dysfunctional and not the way to go at this time.

Sir, I give the House the undertaking that it is a matter we will keep under review, because I believe that the point the Honourable Member for St. John made, and I acknowledge that we tax people on the gross values when assets are being transferred, is in some respects inequitable. We have to find a way of being better able to apply the rate of tax against something that more approximates betterment of income. This is coming from the point I made, Sir, that tax is always best paid out of an identified source of revenue to which the tax can be applied. We are sensitive to the matter, Sir, and we will keep the matter under review.

The simplification that we have brought about, Sir, is that under the present arrangement, the Property Transfer Taxes are paid by the local vendors, 5% and non-resident vendors and residents pay. We are abolishing the Property Transfer Tax payable by purchasers for the reasons that I have advanced and having one rate of Property Transfer Tax payable by vendors. We are setting it at the 10% rate, Mr. Speaker.

Asides.

Rt. Hon. O. S. ARTHUR: The Honourable Member for St. Lucy might have persuaded me, Sir, that too many Barbadians are too anxious, Mr. Speaker, to sell their land rather than hold it. If they do not want to sell, they can give piece to the Treasury. 12.10p.m.

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Leader is misleading the House. He is giving the impression that I am supporting the Prime Minister for taxing poor people because they wanted to sell assets. He feels that because they are selling their land at a high price to rich people that he has to protect the rich people. He cannot come and make a statement like that. This is very serious. I am now hearing it from the highest Minister.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, a large number of very creative ways have been found to avoid the payment of property transfer tax. We recognise that this tax is one of the taxes which has been the subject of the greatest abuse. What we do know, Sir, is that the value of many persons property has been increasing not because of any improvements that they might have financed on their own

account but because of the general development of the country arising from the greater growth of the economy and our general improvement as a nation. Predictably, many foreign people have come to this country and have found themselves in a most fortuitous situation. They have acquired property which they might have acquired as part of a package without having to pay anything at all for it and holding some of our best land which has now escalated in value and doing nothing with it, without making a single contribution to this economy. They will realize this vast increase that they will...

Mr. D. St. E. KELLMAN: On a point of order. Mr. Speaker, the Honourable Leader is misleading the House. Mr. Speaker, the Prime Minister does not mean land, he means sand and land. We need to add the two together and get Sandals, Sir.

Rt. O. S. ARTHUR: Mr. Speaker, as I say, there are some folks who are coming to this country and they are benefiting from being able to trade in property in a country that is doing very well, without contributing fundamentally to the improvement in their properties. My feeling is, that when that happens, they should make an increase in contribution to the Treasury as well.

Sir, the way in which the Government has sought to protect poor people in this matter is in this way. Under the existing legislation the threshold at which a property owned by the typical poor person would be subject to property transfer tax was \$25 000 in circumstances where that person had a house on the land. What we are doing now, is setting the threshold to move it from \$25 000 to \$125 000. Under the existing system in Barbados - and these things have to be told - a poor person living in Pie Corner, St. Lucy, owning a house and land worth \$125 000, if he were to sell it under the old arrangement he would pay \$5 000 in property transfer tax on that property. Under the arrangement of this Government he will pay nothing. This is how this will benefit the poor people of which the Honourable Member for St. Lucy speaks, Sir.

Mr. D. St. E. KELLMAN: On a point of order. The Prime Minister is misleading the House again, Sir, because most people would be selling land and it means instead of paying 5% they will pay 10%.

Rt. Hon. O. S. ARTHUR: Sir, notice that I said house and land. There are a large number of people in Barbados who would sell house and land. I am saying, that person of whom he speaks, before he would have paid \$5 000 now he will pay nothing. Therefore, a man who owns house and land in Barbados and sells it after this arrangement will now benefit by \$5 000 if his house and land are worth \$125 000 or less. If his property was worth \$175 000, before he would

have to pay \$7 500 in property transfer tax, now he pays \$5 000 only. I could go on. A person whose house and land are worth \$200 000, before his property transfer tax would be \$8 750, if he sells k now, he benefits by only paying \$7 500 in property transfer tax. So the poor people are being looked after, Mr. Speaker.

Sir, under the existing legislation there is no stated threshold where land is being sold...

Asides.

Rt. Hon. O. S. ARTHUR: Now, Mr. Speaker that is how we are protecting the interest of the poor. If a man comes to Barbados and he comes into possession of a property that he gets cheaply and then he finds that property has earned \$56 million he should put some cash in the Treasury because he has done nothing to contribute to the development of the country.

Asides.

Rt. Hon. O. S. ARTHUR: Now, Mr. Speaker, under existing law, a transaction involving land that does not have a building on it is subject to tax at the full rate. The Government is not inventing that policy. It has been the policy from the time that there was a property transfer tax. What we are doing is maintaining that policy on property on which there is no physical asset, we will not introduce a threshold. The Honourable Member for St. Lucy may tell me to carry it to \$125 000 and that would benefit poor people.

Asides.

Rt. Hon. O. S. ARTHUR: That is not agricultural land at all, Sir. I was not on this occasion minded to review that policy because quite frankly we are still looking at the drastic alienation of agricultural land in Barbados. The land we are talking about in large measure is agricultural land which is very important for the purposes of food security in this country which people are fragmenting and we must stop this business of creating incentives for increasing fragmentation. I understand what the Honourable Member is saying, but there are also considerations that we have to be mindful of and therefore we will keep it under review. However, at this time when we are so close to the border of threatening food security in this country by having so much of our land that is agricultural in nature becoming...

Asides.

Rt. Hon. O. S. ARTHUR: I do not think that I should provide greater incentives for a person to have greater commercial benefit in selling agricultural land and fragmenting Barbados further. So that explains why we did it in relation to that issue. It can be reviewed in due course but I did not think it was prudent. The fact is, the poor man will benefit from an equation of the threshold.

Mr. Speaker, we recognise that we may not only have to change the rate of tax but there are other aspects of this administration that we have to get right. A case has been made to us that there would have been a large number of transactions involving the sale of property particularly land that would have been in process before August 24, when I spoke and to which good documentary evidence that will stand the scrutiny will be available and for which agreements would have been drawn. It would work an injustice and a hardship for persons to have to pay at the new rates in circumstances where they would have had agreements drawn.

Asides.

Rt. Hon. O. S. ARTHUR: A representation was made to the Ministry and I certainly did not make a determination on it but I know that it was made to the Ministry and the Ministry's officials interpreted it to mean that the Bar Association was asking for a three-month kind of a moratorium so that people who would have had agreements drawn before - that was how it was interpreted by the Ministry - August 24, would have until December, 31 to draw the conveyance or else have to pay at the old rates. 12.20p.m.

Now, Sir, again we recognise that this is a matter in which the Government is not interested in working a hardship. The Attorney General is discussing the possibility of drawing regulations. There are going to be a large number of cases where persons would have had arrangements to deal with matters in instalments. You just cannot have an arbitrary arrangement that says on January 1. There has to be a cut-off day at some stage and failing that there would have to be an exercise of discretion.

A letter would have been published that was a little bit draconian and which does not really have my support saying that as January 1 agreements that would have been reached before August 24 are null and void to the extent that if those agreements would have been capturing the old rate they must capture the new one. I have made no such ministerial determination.

Aside.

Rt. Hon. O. S. ARTHUR: The matters were being handled administratively. I believe the best way to do this is to have regulations drawn and the Attorney General is having similar regulations drawn because you introduce a new tax rate at one date, a large number of legal transactions would have been taking place involving the subject that that tax rate is dealing with, and you cannot ignore the fact that people would have entered contracts in good faith and hence you cannot breach those contracts by arbitrarily applying the rates.

What we do not want, however, Mr. Speaker, is for people to artificially draw out putting in place conveyances, nor to benefit from their own delinquency so, again, this is a matter that cuts on both sides.

The Government is sensitive to the fact, Sir. We are not going to put in place measures that would cause people who would enter contracts in good faith not to be able to honour those contracts in good faith. If the matter needs regulations to hammer it out, we will do so.

We have now, Mr. Speaker, a simpler property transfer tax. It is not going to please everybody that it falls now only on the vendors. I have no doubt that some of the vendors who are complaining will find ways to pass it on to the purchasers anyhow, but they will complain.

Again, I have tried to make comparison between what we have and what others have. Perhaps, in due course, we will move to the Property Transfer Tax but I feel that we should let this tax stay in place. It is simpler to administer. It is within the confines of what is expected of us to honour our new international obligations. I feel it will be more investment friendly than the old system.

It removes the need for ministerial discretion. I really cannot stress that too much. Too much time of the Minister of Finance is taking up not dealing with policy but adjudicating requests for discretionary waivers of this amount here and that amount there. The best form of governance one can possibly put in place is one where the exercise of ministerial discretion is reduced. The statement of rights, obligations and benefits are specified in known law. That is what we are seeking to work toward.

Sir, I think I have captured most of the issues I want to raise on these taxes. Contrary to what the Honourable Member for St. Lucy is implying, I do not expect we are going to have a vast increase in the Property Transfer Tax because you must remember that we are abolishing the tax payable by purchasers. To that extent, we would have had to increase the tax payable by vendors in order for us not to erode the revenue.

We must also remember, Mr. Speaker, that we are increasing the threshold at which the tax is payable on certain land transactions and again that is also going to reduce the revenue. You may best be able to understand why I chose the 10 percent vendor's rate rather than 5 percent vendor's rate because I really do not believe right now this is the time to be loose with the revenue. There are a few niggling matters that need further attention.

We have come to a position on chattel houses which, I think, is better than the one before but will want eventually

to be looked at carefully after a careful research. Under the old arrangements a person living in a chattel house paid tax on the site value. A person living in a chattel house was paying tax at the rate of 0.8 percent whereas the residential rate of taxes was 3 percent on the improved value. What we have done under this amendment is to make the taxes on chattel houses payable at the improved value so that a person living in a chattel house will be paying tax at the rate of 0.2 percent on the improved value of the house rather than 0.8 percent as was the case in the past. I used the example, Mr. Speaker, of a person who was living in a \$40 000 chattel house on \$15 000 worth of land, he would, in fact, be better off by paying at 0.2 percent.

I would imagine, Sir, that the House would understand my ways by now and that sometime in the future when I come to review the Land Tax, obviously, I would have to have another look at the man at the real bottom. It might be at that time we can make further adjustments in this area but for now we give that ease.

The manufacturing sector as well I think has a disadvantage too. As I said, in relation to the Land Tax, the tax is payable on the value of land plus the improved value of the building, but in the case of manufacturing I think it also includes the machinery, assets and so on. Again that puts it at a disadvantage to the other sectors. We are going to have to find a way also of dealing with it.

I am not even beginning to imply, Mr. Speaker, that we have closed the chapter on this issue. As I said, there are still matters pertaining to certain categories that need continuing work.

We have also to continue to review the question of the appropriateness of a capital gains tax. Also, Mr. Speaker, we have to make sure that the regulations, I want to stress this point, pertaining to the Land Tax Act and the Property Transfer Tax Act are of a nature that would allow the tax to be so applied as to be equitable and to meet the needs of persons who had to come in collision with it. I think that one of the matters to which we have to give attention is the question of the regulations.

I think we have made progress, Sir. I truly feel so, in trying to introduce a system of taxes that meets the objective that we want. We will help the more vulnerable. We will remove the distortions to investment. We will reduce the cost of doing business by the productive sectors. We will help pensioners. We will help low income persons. We will help the ordinary Barbadian man or woman in relation to his or her tax liability that they have to relate to in managing the tax properly. I think also we would have succeeded in making Barbados more able to cope with the new realities of globalisation.

For all those various reasons, Sir, I recommend this Bill to the House and beg to move that it be read a second time.

Hon. D. A. C. SIMMONS: I beg to second that, Sir. 12.30p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, I want to start off in this debate by saying that some five years ago a manifesto was said in this House to be a social contract and should not be breached. That manifesto that we speak of was supposed to be the Manifesto of the Democratic Labour Party, and when the leader of the day did not follow through on everything in the Manifesto the Barbados Labour Party said a manifesto should be treated as a social contract between the people of Barbados and the Government of the day.

I said at the time that I thought the Barbados Labour Party was wrong to regard a manifesto as a social contract because one must recognise that when a manifesto is written, it is written at a time when especially a Party in Opposition thinks they can do certain things. But when they realise that they cannot, they should be free to change their minds and to explain to the people why they have changed their minds.

The Barbados Labour Party said that I supported the Rt. Honourable Prime Minister in that foolishness. They used those words but, today, Sir, I want to quote from a manifesto which is not the Manifesto of the Democratic Labour Party but the Manifesto of the Barbados Labour Party. It happens to be the Barbados Labour Party's 1991 Manifesto and I quote:

"Abolition of land tax on all residential properties of a value not exceeding... "

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order. The Barbados Labour Party Government of 1999 is guided by what is in the Manifesto of 1999. In this Manifesto we asked for a mandate to ease land tax on properties below \$200 000. We have gone farther and reduced it to properties under \$350 000. The Barbados Labour Party can be no more guided by a past manifesto nor can the Democratic Labour Party hold us to build a factory for plastic shoes and holiday homes for workers merely because it happens to have been in the 1961 Democratic Labour Party Manifesto.

This is the current document and if we cannot deal with the current document then perhaps all he is telling the House is that the Democratic Labour Party sadly wants to live in the past.

Mr. D. St. E. KELLMAN: Mr. Speaker, as you know, I will go forward. It was not the Democratic Labour Party which said that a manifesto is a social contract. But that is not the problem.

Hon. D. A. C. SIMMONS: On a point of order. It is a social contract when it is law. You cannot be bound by that.

Mr. D. St. E. KELLMAN: I am not going to accept any lame duck excuses in Parliament. When the point was made it was never said whether it was an Opposition manifesto or not. The BLP said that a manifesto is a social contract and that is what I will hold them to.

Hon. Miss B. A. MILLER: On a point of order, Sir. There is a legal definition of "contract". It requires two parties and a certain consideration must pass. In the case of the social contract of which the Honourable Member for St. Lucy speaks, the contract is sealed by victory at the polls. It is a contract between the people of Barbados and the winning Party.

Mr. D. St. E. KELLMAN: Mr. Speaker, as you know none of them can argue with me. The point that the Honourable Member for the City has just made, that because this Manifesto was done by Mr. Forde they will not support him on this particular issue...

Hon. Miss B. A. MILLER: That is not the point. On a point of order, Sir. By my own definition that Manifesto was never the subject of a social contract. We were not the winning Party at the time.

Mr. D. St. E. KELLMAN: What is also interesting is that the Right Honourable Member for St. Peter would have done everything in his power and would have been the one to put this piece in here, so he cannot blame the Honourable Member for Christ Church West for this. He has to take the full blame. He wrote it.

Rt. Hon. O. S. ARTHUR: I have never claimed credit for a manifesto. A Party is at its best where the principle of collective responsibility obtains. For the sake of clarification, the BLP Manifesto is not the product of one person's mind but is the collective will of the Barbados Labour Party. I am not disassociating myself from what might have been said in a previous manifesto. I am saying, Sir, that the Government is carrying out the programme it was elected and asked for a mandate to carry out. It cannot therefore be bound by other than what was put to the people.

If the Honourable Member for St. Lucy wants me to become now an undemocratic person to do other than that which I asked for a mandate, I must say, Sir, that I will not join him in undermining democracy in this country.

Mr. D. St. E. KELLMAN: Sir, the advice was given to the Barbados Labour Party in 1994 that a manifesto should not be regarded as a social contract. I want them to apologise to say they were wrong at that time and that they have changed their minds and are going forward now. In 1999

they are now saying exactly what was said by the Democratic Labour Party.

Mr. Speaker, I now turn to page 27.

Mr. SPEAKER: Which Manifesto is this? 1991?

Mr. D. St. E. KELLMAN: Mr. Speaker, I will tell you that. You know I would not allow you to be influenced by the others.

The Prime Minister at page 27 of the 1999 Budgetary Presentation speaks of a chattel house valued at \$40 000 and land at \$15 000. I tried and called around Barbados to find the new chattel house the Prime Minister speaks of at \$40 000 and land at \$15 000. The last place I tried was National Housing Corporation and in all cases I am getting double the value of what the Prime Minister speaks of. So it is clear...

Rt. Hon. O. S. ARTHUR: On a point of order. The Honourable Member is in danger of misleading the House. In the administration of our affairs we cannot rely on the faulty research of the member for St. Lucy. There are land valuation rolls and there are properties on those rolls that bear that value. The numbers he speaks of have not been concocted out of the air by a fictitious piece of research, by his calling National Housing Corporation based on what is current value.

Mr. D. St. E. KELLMAN: Mr. Speaker, it is most hurtful to hear a speech like that coming from the Prime Minister. One would have thought, Sir, seeing that the Prime Minister has an organisation called the NHC which is in his ambit, that the place the Prime Minister would have referred this particular matter would have been the NHC.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. National Housing Corporation has no role in setting values or keeping a register of values for the purposes of the application of the land tax, that is vested in the Valuation Department. If the member therefore is serious about continuing to debate this issue he must not ask people to go on a folly to ask entities that are not responsible. The Valuation Department has responsibility to do values of properties and that is where we went. National Housing has nothing to do with it anymore than I would go to J. B. Corbin or any other developer. 12.40p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, you know what is most hurtful about that statement? NHC is supposed to be that organisation in Barbados where you are supposed to find a property at the lowest value. Sir, I am shocked to hear the Right Honourable Prime Minister telling me that

National Housing Corporation is the place where you get the highest value house and that it is better to go to J. B. Corbin to get a house for \$65 000 than to go to NHC and get one for \$110 000. Sir, I am shocked, because it should be embarrassing for Government to come to the Floor of this House and admit that they are selling houses at twice the value than what is being sold by the private sector. It came from the mouth of no other than the Honourable Member for St. Peter.

Sir, I cannot understand, if that is true how does National Housing Corporation expect to sell anybody 2 000 houses. This is the first white elephant that Government has, where at National Housing Corporation there is something called Year 2000 Housing Plan; which means 2 000 houses and they will not be able to sell them because they are twice the value of those of the private sector.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir,* the Honourable Member for St. Lucy is giving a wonderful speech but it surpasses all understanding. Mr. Speaker, I have not said that National Housing Corporation is selling houses at twice the rate of J. B. Corbin and I shall not have that entered into the records, Sir.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am advising you to find somebody else to send your constituents to because the house the Prime Minister speaks of happens to have a value of \$55 000 and the House that I speak of that National Housing Corporation is selling everybody has a value of \$110 000.

Asides.

Mr. D. St. E. KELLMAN: Let me apologise to the Prime Minister because I forget, Sir, that every time he talks money that he talks US dollars now so the \$55 000 is really US\$55 000. There is a situation where the Prime Minister gives an example and one cannot go through Barbados looking for land tax value to pin to a house that will come to the value that the Prime Minister has given. The example given by the Prime Minister in his Budget Speech in August was wrong. It gave the wrong facts for the simple reason that you cannot connect with that particular house and the poor man who lives in the chattel house, who is now paying tax for the first time, will find himself inflicted with taxes of over \$110 more. If you follow the simple calculation used by the Prime Minister, one would understand what I am talking about.

What is regrettable Sir, is that the Prime Minister spent over one hour and a half in this House this morning and his whole case was built on a premise of people living in Sandy Lane, people who can afford taxes and there are people living at the bottom who are screaming for relief. Let me say

this to you, the Prime Minister gets letters from the rich but I get my letters from the poor constituents. It seems to me that.,.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. It is within my certain knowledge that there is nobody in Sandy Lane who will be paying less taxes as a result of the new land tax rates. I will not want it to be made reference of in the records that I have introduced a new structure of land tax to benefit Sandy Lane but that is to the detriment of the poor. I have said the persons have complained about the new taxes that have to be paid, while referring to me information about what it takes them to upkeep a house including having to spend over \$180 000 a year on cocktail parties. That is all I have said, Sir. I have not introduced a tax system that puts people in Sandy Lane in circumstances where they are better off. They have to pay more.

Mr. SPEAKER: Honourable Member, would you like to clarify that.

Mr. D. St. E. KELLMAN: Sir, there is no need to clarify because I never said that, it is just the Prime Minister's interpretation of what I said. I said that he receives letters from the people in Sandy Lane while I receive my letters from the poor people. Now that the Prime Minister has introduced that, I will take it a step further. He said nobody in Sandy Lane has gained and that is not true. I am saying that people who bought Norwoods wells have gained. Already in this House, in the last session, we discussed the problem with the wells at Norwoods. Sir, I want you to understand that when somebody buys a well that it is supposed to be dry.

Asides.

Mr. D. St. E. KELLMAN: Yes, it is Norwoods well which is now being used by the Sandy Lane estates. They bought the well with the pretence that it was not used so you could not tax them based on having a well because it was an empty well. Mr. Speaker, I want you to know that Norwoods' well will now be used, not by the Barbados Water Authority to pump water for the people of Barbados but it will be used to pump water for the Sandy Lane golf course.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the Member is now mischievously misleading the House. The Sandy Lane re-development has been constrained by a condition that they must provide water for the watering of their golf course, not from the public supply but from a newly constructed desalination plant. One of the issues between the Sandy Lane investors and the citizens of Sandy Lane, is an issue as to where the plant is to be located. The Government was scrupulous in insisting that the development at Sandy Lane

could only take place if the project was self-sufficient in water without drawing anything from the national grid. I want those remarks to be withdrawn from the records because they are untruthful.

Mr. Speaker, I am asking that those remarks be withdrawn because it can be established that it was a subject of a controversy between the Owners Association and investors as well, Mr. Speaker.

Mr. SPEAKER: Honourable Members, please. I do not have the facts to determine veracity. This Chair relies on the fact that all Members are Honourable. You made a statement and if you can give us the facts. The Honourable Member made another statement and you are being asked to clarify the statement that you made. Can you do this, please.

Mr. D. St. E. KELLMAN: Sir, I will do it to please you, Sir.

Mr. SPEAKER: You will do it to please the House. Honourable Member for St. Lucy, you need to clarify the point about the well at Sandy Lane.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am saying that they are testing the water down there.

Mr. SPEAKER: That is still not a clarification. The Honourable Member did make the point that the well is now being used.

Mr. D. St. E. KELLMAN: Sir, it is wetting the golf course and it is also being tested.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I really must rise on this matter. I am the Minister of Town Planning, Sir, and I was clear to tell Sandy Lane that the Government of Barbados could not guarantee it access to water in a drought to protect a \$500-million investment. That if it wanted the investment at all, it would have to put in a desalination plant. Sir, the Honourable Member is putting the Government in a position by saying that the Government is allowing Sandy Lane access to water from wells. Sir, I am saying to the House that that is not true. If the Honourable Member for St. Lucy is now making a different point, Mr. Speaker, Sir, I will investigate it for what it is worth. I want to give the House the assurance that the Sandy Lane investment has been constrained by the requirements that they must put in their own water supply. I would say this, Mr. Speaker, that not only Sandy Lane but all applications for golf courses before this Government are constrained by the requirement that they must put in their own desalination plant. Mr. Speaker, those should have been the conditions applied by the Democratic Labour Party when they allow Royal Westmoreland to set up in Barbados. 12.50p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am saying that the Prime Minister has an obligation to this House to investigate what I am saying and not to try to make me look like a liar. If he takes that course, he will be declaring to the people of Barbados that he is not doing his obligation to the people of Barbados, but he should accept the information given in good faith and investigate it.

I also want to challenge the Prime Minister on something he said. I would like the Prime Minister to tell me how Apes Hill will be able to put in a desalination plant to water the golf course at Apes Hill. He has introduced this in the debate.

We have a situation in this country, Sir, that there are people on the West Coast who have used the land taxes to their benefit and there are many poor people who cannot now live on the West Coast because of the land tax policies of the Barbados Labour Party. I have already given a solution to the Government of Barbados and I am about to repeat it to the Government of Barbados, how the Barbados Labour Party could have saved every single poor person who had a piece of land on the West Coast from higher taxes and from selling their properties.

Asides.

Mr. SPEAKER: Order, please.

Mr. D. St. E. KELLMAN: I suggested in my proposal to the Prime Minister years ago, Sir, that instead of taxing people on site value, he should tax every property on the improved value. That means if a man has a piece of land beside the \$40 million house in Gibbes who has no intention of...

Rt. Hon. O. S. ARTHUR: The Honourable Member for St. Lucy is contradicting himself, because the change that we have made is to make sure that only resident that was previously charged on the site value is now to be charged on the improved value which is the chattel house. He was the only person left out in the past and he is asking us to do what we have already done.

Mr. Speaker, in the past the chattel houses were taxed on the site value. We have now, by this amendment changed that, so what he is asking us to do has already been done.

Asides.

Mr. D. St. E. KELLMAN: I am saying, Mr. Speaker, that the system I am proposing is a very simple one and that is you do not charge anybody on the site value, you charge them on the improved value. Previously, if someone lived in a chattel house, it would be the site value. A chattel house

meant nothing to do with improvement. It meant merely to do with site.

Asides.

Mr. SPEAKER: Order, please, please. Let us hear the Honourable Member.

Mr. D. St. E. KELLMAN: Mr. Speaker, it means, Sir, that a man living in Gibbes in a chattel house on 8 000 square feet of land who is being forced by someone who builds a property for over \$40 000 would not have to remove his house or sell his house, for the simple reason, he would have no value when it comes to tax purposes. He would not get a tax bill for anything on it.

Asides.

Mr. D. St. E. KELLMAN: It means, Sir, that those land sharks on the West Coast who come in here and build these large properties, send up the value around them to force out the small man, the small man would not now have to worry about them. They would have to worry about him. Most of these properties are sold not because of the money they are going to get; it is because of the land taxes they have to pay.

If that system is introduced, Sir, where they do not have any land taxes to pay, those people who come in here and decide they are going to build an \$80 million house will have to pay the taxes for those people. Instead of doing that the Right Honourable Member for St. Peter who tells us that he is the champion for the poor, has reversed my decision and instead of reducing the taxes for the poor, he has increased it. I am saying that this is a repressive Government and it had a good opportunity to be a progressive Government by implementing that particular system.

I am asking Honourable Members, especially the Honourable Member for St. James North to study my proposal, because I know, Sir, that if I have to go to the high schools and promote these proposals, he would be in trouble. I want the Honourable Member for St. James North, not to be on the wrong side of the wicket, but to be on the right side. I know, Sir, that if these proposals are canvassed as they will be, that the Honourable Member will have to make a decision.

Asides.

Mr. D. St. E. KELLMAN: This is my proposal. A person who owns a piece of land in Barbados, if he does not have a stone structure on it, or even if he has a chattel structure that will still be regarded as being charged at the site value. But to ease that person, you can even abolish the site value on all lands and charge on the improved value.

This means, Sir, that a person who lives in Gibbes who has a piece of land...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order I want to tell the Honourable Member for St. Lucy that the amendment of the Land Tax Bill that is before the House is now stopping a person living in a chattel house from paying on the site value at the higher rate and paying on the improved value at the lower 0.2% rate. This is the change that we have made, so that the Honourable Member for Lucy is now asking us to do in the future what we are doing now.

Mr. D. St. E. KELLMAN: Mr. Speaker, how can the Prime Minister now that he has inflicted higher taxes on those people and still argue that my zero rate is the same as his? I am saying, Mr. Speaker, every year that the land on the West Coast is revalued, the property belonging to those people are revalued, so automatically regardless of how the rates of taxes are shifted, those people are still going to be affected. I am saying that if you do not charge on the site value on the chattel, you will not affect those people.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I refer to page 87 of my presentation of the Budget:

"I also propose, Mr. Speaker, to tax chattel house properties at the new residential rates. At the moment, these properties are taxed on their site value and attract a higher rate of tax."

This is a Budgetary Proposal that has already been attended to and the Honourable Member for St. Lucy wants to parade, Sir, as if it is a new idea.

Mr. D. St. E. KELLMAN: Mr. Speaker, Sir, I have always said that the Prime Minister is a very good economist, but when it comes to figures he has a problem and he has proven it today. Let me explain why I am saying that. If you have a site value, in this particular case, the site value would have been \$15 000 using the Prime Minister's example, he is now removing the \$15 000 and let us say the improved value now is \$55 000, if you reduce the rate by 8% down to 2%, it does not necessarily mean that you have reduced it by 200% because you have reduced the rate and increased the improved value. 1.00p.m.

There are two sides to one equation. You cannot look at one side and not look at the other. A real house today - and I am not going to use the Prime Minister's example - is about \$110 000 according to the National Housing Corporation. Let us say that the improved value on that is 1 % and then you divide it by 5 which is \$220 in cash. The Prime Minister is saying that previously we used .8%. The .8%

would only have been on \$15 000 which would be \$120. So you are talking about \$120 before but now you would be paying \$220.

Asides.

Mr. D. St. E. KELLMAN: Yes, because that \$40 000 is not the true figure. You are using the wrong figure for the House. You are being misled with the \$40 000 for the house.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, there is almost an element of dishonesty with what the Honourable Member is saying. He is taking a house valued at \$40 000 for the purposes of calculating the tax payable on the site value but to say that when that has the precalculated rate at the improved value it becomes \$110 000. The example I used in the Budget was a house valued at \$40 000 and land at \$15 000 with the land paying a tax at the rate of 0.8% relative to the house and land of \$55 000 paying a rate of 0.2%. The new rate is 0.2%. It is not .02%, it is not one-fifth, it is 0.2% and therefore it comes out to \$110.

Asides.

Mr. D. St. E. KELLMAN: On a point of order. Mr. Speaker, the problem with the Prime Minister is that he wants me to use the example he has used. I am living in the real world. The real world is that a house and land at the National Housing Corporation (NHC) is \$110 000.1 cannot get at what the Prime Minister is saying. If the Prime Minister could assure me that is what the property is valued, I would use those figures. The truth is, those figures are not real. The problem is not with my example but with the example used by the Prime Minister. If those were figures that I could use to go to the National Housing Corporation tomorrow and get a house I would be prepared to use them.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, this is too fundamental an issue. The Honourable Member is arguing two things simultaneously to the point of being almost mischievous. What he is arguing is that the example used cannot be used because there is no house that is worth \$40 000. The example he used is not real but he is trying to use that to reflect on the principle when the principle is not borne out by him that a site value at 0.8% is going to be less advantageous than under the old situation if the chattel house is worth \$40 000. There are still houses in Barbados worth \$40 000 on the roll. This is nothing left to the imagination. They are on the roll.

Asides.

Hon. D. A. C. SIMMONS: On a point of order. Mr. Speaker, the person speaking first for the Opposition on the Bill has unlimited time. It is now 1.10 p.m. This is a matter which seems to be of some importance but the Honourable Prime Minister and the Honourable Member for St. Lucy are

approaching it on different basis. I am suggesting that we postpone further consideration until after lunch. We will break for lunch until 2.15 p.m. The Honourable Member will resume his speech after lunch and in the meantime if the matter can be resolved by putting the heads together, that can work, Sir.

I have two motions to move, Sir, that further consideration of the Member's speech be postponed.

Hon. R. C. EASTMOND: I beg to second that.

Asides.

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

SUSPENSION OF SITTING

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this Sitting be suspended until 2.15 p.m. in the afternoon.

Hon. R. C. EASTMOND: I beg to second that.

The question that the Sitting be suspended until 2.15 p.m. in the afternoon was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly. 1.10p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. The Honourable Member for St. Lucy.

Mr. D. St. E. KELLMAN: Mr. Speaker, as I was saying before we took the break that these proposals, when looked at from the Government Side, they sound reasonable and fair, but when one does an analysis, one would recognise they are not as reasonable and fair as they appear on paper.

I would like to give a couple examples. I must congratulate the Ministry of Finance for coming up with the figure \$15 000 for land and \$40 000 for building because that gives you a total of \$55 000. It gives you a total for last year when you use the .08 of \$120 and when you use the .002 this year it is \$ 100. It is rather interesting that they have used \$40000 and not \$45 000 because if they had used \$45 000 it would have been shown as revenue neutral which would have been a total of \$120 last year using .008 and this year using .002 it would have given you the \$120.

One must ask what happens when you have a property of \$15 000 for the land and \$50 000 for the house? You get

a scenario that you get an improved value as \$65 000 which gives you a tax this year of \$130.

Aside.

Mr. D. St. E. KELLMAN: Mr. Speaker, let me break for a second to explain to my lawyer friend what is revenue expenditure and what is capital expenditure. There are two accounting terms which he knows nothing about and he should leave.

As I was saying on this particular matter, Sir, when you have a property valued at \$65 000 with a .002 rate you get \$130 in taxes that you have to pay but the previous year using the .008 rate and only the site value, and these are chattel properties we speak of now, you would only have paid \$120. That is why I said I congratulate the personnel within the Ministry of Finance for coming up with the \$40 000 because they knew if they had gone to \$45 000 or \$50 000 that the \$45 000 would have been a break even and over \$50 000 which is really the real work because if one goes to anybody in the construction sector and buys property today, one cannot get a property for \$40 000, and I am being realistic.

Even in Shop Hill, Sir, where the Honourable Attorney General has the privilege now of serving, you cannot get a property for \$40 000 unless it is U.S. because those properties up there are \$80 000 which means that the previous year they would have paid \$120 in land taxes but this year they would have to pay \$160.

I am saying to the Prime Minister of Barbados that the rate structure is not the only factor that must be taken into account but he must take the rise in improved value into account. The Prime Minister must also understand that previously chattel houses were taxed only on the land value but because of the change in the system now these houses are being taxed on land plus the value of the chattel house.

I know the Honourable Minister would understand this even if he is the only person on that Side that understands what I am saying because at NHC he knows quite well that in calculating taxes it is now land plus the chattel house.

An old pensioner, Sir, living in Josey Hill, St. Lucy, who now builds a house must pay taxes not only on the land but she must also pay on the chattel house she has. A year ago that pensioner would not have to pay on the house she is living in. She would only have to pay on the land. That is why I am calling on the Prime Minister, because that pensioner would not write the Prime Minister. That pensioner would write me. It is true the people in Sandy Lane would write the Prime Minister. That is why I have to present the case for these people in here.

I am calling on the Prime Minister to take consideration of what I am saying and have a change of heart, to recognise that the same way it affects the people in Pie Corner in St. Lucy it will also affect the people in Rose Hill or Blades Hill in St. Philip, or Society in St. John, or Bush Hall. I am sure, Sir, you would have had some complaints from your constituents when they received their Land Tax bills, seeing them going up and they would not have known that the people who sit on that Side do not recognise that taxing a chattel house in this day and age cannot be fair. It is very regressive. No government that can inflict this kind of taxation on poor people can tell anybody they are a progressive government. They will have to be branded in the group of being the most regressive government in the life of Barbados.

Can you imagine, Sir, where people who can build for \$80 000 we are prepared to listen to their case and we are not prepared to listen to those pensioners and poor people who now are being taxed on their chattel houses for the first time?

Aside.

Mr. D. St. E. KELLMAN: Mr. Speaker, I do not care who votes me out. The point is I am here to do a job and I will deliver that job. If at the end of the day I have done my job well and I am voted out, I just do not care. That is the truth, for the simple reason I am here to do a job and to represent certain people. If I do my job well and I am not thanked for it, no problem with me. At least every night I can go home and sleep well because I would have known I did my job well.

What is regrettable, Sir, is that I can hear a Minister, and the "prime" Minister in this House telling me that he is going to put a case for a particular group of people against what I call the working class in this country. If a man has a piece of land and he sells it at a high price it does not mean that he should be punished for that. This is the same argument I heard with the minibuses.

Aside.

Mr. D. St. E. KELLMAN: I am not interested in the Press. I do not have to look up there to see them. I am here to make a speech and I will deliver the speech whether the Press is here or not. If you ask them not to come to cover me, I just do not care. I will deliver my speech.

Asides.

Mr. SPEAKER: Members, I am glad I have the muffs and cannot hear anything but I get the impression that you are interrupting the Honourable Member. Let us hear him, please.

Mr. D. St. E. KELLMAN: I am saying, Sir, that it is a very simple case. I would hope that the Honourable

Members on that Side would understand the issue I have raised and they would be prepared to take up this particular issue whether they are prepared to take it up at Cabinet or the next time they meet in a parliamentary group because this is a rather serious measure.

This is the first opportunity you have to save poor people from being taxed in a regressive way and if you do not understand what I have said, I am quite prepared to prepare a precis of what I said previously for you so that your children could enlighten you on the particular matter. I am sure any eight-year old child, once I explain this the same way I have explained it to you, will be prepared to enlighten the Members on that Side in that particular matter.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, can you please beg the Honourable Member for St. Michael North who does not know anything about revenue expenditure or capital expenditure to stop exposing himself on these matters?

Mr. SPEAKER: Please address the Chair and let us move on, please.

Mr. D. St. E. KELLMAN: Mr. Speaker, the Prime Minister said also that because of this new land tax policy that there are 39 000 homes of which 34 000 would have received relief. I am challenging the Prime Minister to tell me whether this 5 000 happen to be the poor people who previously had a chattel house and they were not taxed on their chattel house, if he is now referring to that group of people that will now be taxed. If it is not so, it means that the 5 000 cannot be the true figure. It has to be higher. If the Prime Minister is saying that 5 000 is on the top level it means that there must be a figure for those who live in chattel houses. I do not think any government should be proud of taxing people in chattel houses for the first time. 2.30 p.m.

It even goes a step further. Any person who owns a piece of land and rents out of the kindness of his heart to anybody else or to five or six people will find himself having to pay taxes for the people he rents the land to because those properties will have to be counted as on his property. That is the scenario the Prime Minister has to clarify, and it goes deeper. It means that when these people recognise that they have to pay taxes for other people's houses, they will do one of two things: they will chase the people off their land or they are going to increase their rents.

Surely this amendment cannot be the amendment that the Prime Minister wanted. No fair, loving Government could want an amendment like this that inflicts pain and punishment on poor people. So one has to ask, Sir, who are

the advisors who would have given this information to the Prime Minister and who would have misled the Prime Minister. I am convinced that the Prime Minister has to be misled on this particular issue. It seems to me that the Prime Minister asked for an example and quite rightly he was given the best example, the one that showed that it would be a reduction but if the person had increased it by another \$10 000 it would have shown the reverse.

Clearly, Sir, I did not have to work any calculation to understand that the officials in the Ministry of Finance worked out some figures, came up with \$40 000 as the safe figure, gave it to the Prime Minister and the Prime Minister put it in his Budget.

Why \$40 000 and not \$50 000 or \$60 000? Those are things that the Prime Minister must answer in this House. On one hand you have the chief Minister telling you that land and a chattel house should value \$55 000 but when you pick up the telephone and you call National Housing which is supposed to be representing the interests of poor people, you cannot get land and house for \$55 000, anything over \$80 000 you can hear. So if I am to use a figure I will have to use the figure of \$80 000 for land and house. If I use \$80 000 it means that my land tax bill will be \$160 a year instead of \$120 which will be an increase of \$40. So I am saying that National Housing would have either to reduce the prices of their houses or the Prime Minister will have to increase the figure he used in his estimates where he used an example for calculating land taxes.

It is rather strange for a government to be involved in a housing programme and be prepared to use figures from somewhere else. It is strange because in their own admission they are admitting that National Housing is charging a rate for a house that is far higher than what they should be charging and if I were the Minister of Housing, I would go to the National Housing Board and I would ask the Chairman of the Board, how can the Prime Minister quote \$40 000 and \$15 000 which equals \$55 000 and at the same time you are asking me as the Minister to sanction a house for \$80 000? I would have to ask the difference in that because the houses at National Housing are between \$80 000 to \$110 000 and the Prime Minister is talking about \$55 000.

According to the Prime Minister you can get two houses before you could buy a house from National Housing Corporation. Mr. Speaker, this is a serious thing and I hope that in your constituency, Sir, you would not ask your constituents to subsidize National Housing when the Prime Minister says that a property is supposed to be for \$55 000 for house and land. I would hate to believe that there is any sitting Member who would ask constituents to buy these houses. I know the Honourable Member for St. Thomas has his own view. He has expressed them in here. He feels that

the houses that were built at Shop Hill at \$80 000 were far too high so I do not see if \$80 000 is too high for the private sector in Shop Hill how he would support the National Housing ones which are higher than that.

I do not have to worry about the Honourable Member for St. Thomas. I know his view on this particular matter but I would ask the other members to stand up and be counted on this particular one because this cannot be fair to poor people.

There is only one particular matter that I would like to comment on, on the property transfer taxes because I have no intention to get involved in property transfer taxes because my leader is capable of dealing with this particular matter so I do not want to compete with him but I want to say...

Asides.

Mr. D. St. E. KELLMAN: The Prime Minister said that the property transfer taxes will be revenue neutral. I beg to differ. I will tell you why. Land is in demand in Barbados and any vendor who knows that he has to pay 5% more in property transfer taxes, it is obvious that if he had planned to sell the land for \$50 000 he will not sell it for \$50 000 anymore. At the end of the day the amount of money he will receive in his hands must be what he had planned for previously so he is going to increase the price of that land to suit the additional charges he has been charged, which means that automatically the Prime Minister will not be getting 10% on \$50 000 anymore but he will be getting 10% on \$60 000. So when the Prime Minister talks about something being revenue neutral he cannot come to me with that. I understand it better than that. I am going to tell you that this cannot be revenue neutral and it is going to bring in a lot more taxes than predicted by the Prime Minister and I am prepared to stand by my word on this particular matter. Thank you very much.

Mr. D. J. H. THOMPSON: First of all, Mr. Speaker, let me compliment the Honourable Member for St. Lucy for his very clear and lucid explanation of the impact of the adjustments to the land tax legislation effected by the Budget in August this year and which has now been brought to the House by way of legislation. The first thing that I think needs some attention relates to one matter which I do not think that the Honourable Member for St. Lucy dealt with directly but which related to the number of tax bills that had in fact been issued in respect of this year's taxes that were in fact erroneous and the Land Tax Department therefore had to issue alternative tax bills but they were only issuing them when you went to the office to pay the amount due on the erroneous bill.

The Honourable Member for St. Peter talks about the role of the Government Information Service in relation to

these matters and I think the Land Tax Department needs to get in touch with the various PR arms of Government and clarify this problem because there are some people whose taxes would have doubled in relation to the tax bills that were sent out and there are quite a few people who were completely alarmed not by the legitimate increase which the Honourable Member for St. Lucy spoke about but as a result of the erroneous calculations of the Land Tax.

I believe that something needs to be done. We have done a lot of tinkering with land tax over the past few years and it is that tinkering that perhaps has caused this problem. We have had land tax amnesties. We have had adjustments in the rates and we have had a whole range of aggressive arrears collection programmes against a background where the Land Tax Department did not even have the correct information available because as I understand a flood or some natural disaster had affected its records. I think something needs to be done. A lot of it may lie at the feet of the policy-makers who have been making these occasional changes to the land taxes, but much of it may also come from a lack of attention paid to the resources that are necessary and the administration structure that is required to carry out the work of the department. 2.40 p.m.

I believe that, as the Honourable Member for St. Peter alluded, there may come a time and I hope it comes soon, when the entire system is simplified both administratively and by way of the rates of tax that are applicable; that it is also fair and just in the way that the tax is applied and the incidences of those tax on people who are least able to pay and that the procedures in relation to the land tax department are speeded up.

All of us know of the large number of pensioners in Barbados who are in need of land tax relief and also the manner in which that land tax relief is dealt with. I believe perhaps, that the method that is used should be one which also involves the social development agencies in identifying before hand those persons who should be entitled to relief from land tax.

The debate today, Mr. Speaker, Sir, also centered on issues relating to the new global economic structure. In particular, the question of discrimination in the way taxes are applied and the issue of treating all nations under the most favourite nation MFN principle. I believe that the Government of Barbados - I say this once again because I very strongly believe this - has been extremely negligent in the way in which it has gone about both explaining and generating discussion on the issues of the design of the new world economic architecture and trade arrangement which will affect us and also those which apply in relation to CARICOM.

Every time we raise this, the Right Honourable Prime Minister talks about some seminar that was held in the

business community and that he went to some meeting and talked about it. That is simply not enough. I believe that there is going to be, as it has been in relation to the Protocol on Prices and Incomes in Barbados and that if we are not careful, there is going to be a back-lash which is going to come from the introduction of the new Protocol to the CARICOM Treaty. That back-lash which will come, will come largely because of people being entirely mis-informed; not informed at all or confused about the direction which is being taken in relation to these matters; that people who do not even share the same concerns as happened in Seattle, who may have completely opposite reasons for opposing changes will come together and will scuttle what efforts are being made to introduce much needed reforms.

In the past couple of weeks - I was not in the island, I actually heard this in Jamaica - that there was a lot of debate about the Caribbean Court of Appeal. Again, people in Jamaica were saying that our Attorney General has been very aggressive in trying to get the Caribbean Court of Appeal on the way but that they are entirely confused about why it is necessary to have the Caribbean Court of Appeal in place.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. Since the Honourable Member has raised that point, I will respond after he has finished but just to say that I had a Press Conference in Jamaica last week Monday and explained that we were launching a public education programme throughout the region, that was the first initiative. I will explain when I reply.

Mr. D. J. H. THOMPSON: Mr. Speaker, the point is that I was in the company of some people and they were of the view that the purpose of the Caribbean Court of Appeal was simply to hang prisoners who the Privy Council would not hang. They started to express concern particularly against the background of what happened in Trinidad where they felt that the way in which the executions were carried out was blood thirsty and merciless in the recent past.

I only use that as an illustration but the point is that in relation to the changes that were made to the property transfer tax and even in relation to the impact of the changes on land tax and the rationale for those changes; that many of them may be perfectly justified in the context of Government attempting to prepare Barbados for the single market and economy, in relation to the Caribbean or for changes which are going to possibly even supersede that or which may have an impact on a global scale, but which will directly affect Barbados.

I believe that we need to be extremely frank about this. The Government has sent very conflicting signals. On the one hand, the Prime Minister, as the person responsible for the introduction of the single market and economy has been very much in favour of Barbados forging ahead and putting in place the arrangements that are necessary for the

introduction, not only of the single market and the Protocols to the Treaty but also for the role of the Caribbean in the rest of the world.

One also gets the impression that there is ambivalence both at the administration level of Government and that there is a lot of ambivalence in other arms of the Government and even other Ministries about exactly what is required. One gets the impression that some people are hoping that you can paddle backwards at this stage and avoid the impact of these changes.

Let us start with the property transfer tax. In relation to the property transfer tax, I believe the records will show that many years ago, I asked the Honourable Member for St. Peter for an analysis to be done of the fiscal impact of abolishing the property transfer tax in Barbados. First of all, because it was in fact discriminatory in the way in which it applied. Secondly, it was quite possible that the property transfer tax in a scenario where land prices were not rising quickly or significantly, could have the impact of putting somebody in a net loss position particularly if you bought a piece of land and sold it within a year or two for the same price at which you bought it. As a vendor paying the transfer tax you would have the additional burden of the 5% deducted from whatever you got from the land.

It was happening that some people would put down a deposit on land in a development, then they decide that they are no longer interested in purchasing it because they could not meet the monthly payment as happened in the economic crisis in 1991. They put the land back on the market and if the land was bought for \$20 000 they put it back on the market for the same \$20 000 in a depressed situation and then had to pay, apart from the legal fees, *etcetera*, the additional 5% transfer tax. It was arising out of that hardship that I felt very strongly, and I believe that the Cabinet was moving in that direction, that the tax should be designed in such a way that you were taxing the benefit which arose from the transaction. A law similar to the Land Development Duty Act in Barbados in which the cost of land is netted off as well as the legal fees, the surveying fees and all the costs associated with the transaction and you pay the tax on the difference between the price at which you bought the land and the price at which you were selling it. 2.50 p.m.

It is true that many people have found ways of getting around the Land Development Duty Act and that is for the simple reason that the Act applied for a specific period, so it may apply for 10 years after Government has put in the roads and undertaken the development. Therefore, a person selling the land would wait for that 10 years to expire but would have an agreement in place or an option to purchase and when they completed the transaction it would be outside of

the period for which the Land Development Duty would be applicable.

There was an easy way to get around it but if you designed the Property Transfer Tax Legislation in such a way that it did not apply for the limited period but applied to all transactions and in relation to the gain that was being realised from the sale. I believe it would be much less punitive than the way in which the Property Transfer Tax is being applied now. We can apply it now and believe that it will in most cases not work hardship on vendors because land prices have increased quite significantly in the past four or five years. If there is a depression in those prices or even complete stabilisation the likelihood is that the land values are not going to increase by 10% every year or by more than 10% every year. We cannot assume that what is happening now in Barbados will happen for eternity. Just as people do not assume that what is happening on the US stock market now, will happen for eternity.

Asides.

Mr. D. J. H. THOMPSON: They are praying for it to continue. They are trying to explain why it might but if the companies are over valued, just as if land is over valued, when you have a re-evaluation there will be a lot of people, some who can bear the burden of that and some who cannot, who will suffer as a result of those adjustments. So what we are saying is that we needed a more fair way to apply the Property Transfer Tax legislation.

The Honourable Member for St. Peter mentioned the issue of Westmoreland, which he is quite entitled to do, but Westmoreland was a very peculiar transaction. The company that was buying the land originally was not the same company that was going to be selling the land to the individual purchasers. Therefore, had we applied transfer tax at every stage of the transaction, then Westmoreland would have paid transfer tax three times before it even sold a unit to an individual because they were buying it in a holding company, transferring the land to some other company and then transferring it to the individual owners.

I do not know if that is how they did it in the end but that is the reason why the Government opted to offer them a reduction and an elimination of the Property Transfer Tax on some of those transactions. As a non-resident Barbadian Company, Westmoreland would have been paying taxes both as purchase* and as vendor at each stage of the transaction, that could hardly be fair. No one can complain about the application of a tax on the capital gains that had been realised where somebody buys land with no intention of developing it; allow the land to remain idle and then benefits from a property boom which by and large, had been induced in every sense of the word by the Government offering

concessions or offering some stimulus that would create that property boom. Therefore, in any situation in which the Government is contemplating changing this legislation, it should be looking to extract as much as it can by way of taxes from those persons who have benefited, either unwillingly or in a conscious manner of speculating from transactions such as that.

I think the Government really needs to make a very firm determination as to whether it wishes to keep the Property Transfer Tax and whether what is now represented as the 10% tax on transactions for vendors will basically be the norm in the future.

In relation to agreements that had been made before the Act is passed and with all of the other arrangements that people enter into, not in contemplation of a change of the rates of tax, I believe the Attorney General has a duty to advise the Prime Minister that they should not be putting in place, a situation of undue hardship.

If a guy agrees, like Land Development and Property Holdings Limited, to pay \$500 a month for land over 10 years and signs the contract in 1989 and then you apply a higher rate of transfer tax, it does not affect the purchaser but it affects the vendor who at that time, would have priced that land without even contemplating the phenomenal increases that have taken place throughout Barbados in land values. It certainly would not be fair to make that person pay transfer tax at a higher rate because one assumes that in pricing the land, the vendor would have taken into consideration the transfer tax that he has to pay, the surveying fees and the development cost of the land; and even those companies to my mind, were selling land quite reasonably in Barbados in the 1980's.

What has happened in relation to land prices is a very recent vintage and it actually had such an impact that middle income civil servants, public officers in Barbados are finding it extremely difficult to access land other than from the National Housing Corporation and we know what has been happening in relation to the National Housing Corporation. Even in the 1980's policemen, teachers, nurses and so on were often able on their own salaries, as individuals even with children, to buy a piece of land in a development; that is not happening in Barbados now because land prices have risen so significantly and their last hope at the lower end of the middle income scale would have been the National Housing Corporation. It is critical for the National Housing Corporation to refocus its attention to meeting the needs of people in that category in Barbados. Since, if you throw them to the private sector, either by way of loans at commercial interest rates and the cost associated with those loans or the price of land and the price of building - even though one could argue that the National Housing Corporation does not have a fine record in relation to the pricing of its houses in recent times - but even through all of that, somebody who is a policeman, a nurse, a teacher or at the lower end of that middle income bracket will never ever

be able to afford a house in Barbados again. We need to be conscious of this and anything therefore that goes toward increasing the price of land in Barbados and particularly to price that land out of the reach of people in that category, cannot get our support.

I believe the Attorney General - not just for a cut-off date - the cut-off date really should apply to the people who have given an intention or notice that they entered into such an agreement, but you cannot apply a cut-off date to a guy who may have ten years to pay off for land and only started five years ago. Whenever he completes that conveyance, you are going to have to understand that he should not be paying transfer tax at the rate of 10%. The cut off date should be for notifying that this transaction was agreed to, prior to August 24, 1999 and that the rate of tax, exigible the old rate or whatever.

I believe, Mr. Speaker, Sir, that the movement of the threshold from \$25 000 to \$125 000 makes sense. It would be of some assistance to those at the bottom who already have houses on the land and who may be using those houses as a source of investment or income. But what about the persons who are purchasers of land, whose purchase is going to be influenced by the applicability of the 10%, the increase transfer tax on that land. 3.00p.m.

Let us give some examples. There are many new developments in Barbados in such places like Windward Gardens and Sandford in St. Philip which are designed to be sold to first-time homeowners of the middle income category. What will now happen to those persons is that the new 10% property transfer tax is going to increase the price which the owners of those developments are going to charge to those people. To my mind, there are not enough house and land transactions by people at the lower end of the economic bracket in Barbados that would outweigh the impact of increasing the transfer tax on persons who are selling land in developments designed especially for persons in the middle income category. Therefore, to my mind, the threshold should apply to the first \$10 000 or \$15 000 in relation to land. You do not have to carry it to \$125 000 because \$125 000 is a two-acre or three-acre lot.

The second example is, a 300-square metre lot at \$5 or \$6 a square foot costing no more than \$15 000 to \$18 000, the vendor should not be required to pay the transfer tax and the threshold should also apply to land sales in respect to first-time owners or in developments which are catering to middle income owners. If a guy is selling 300 square metres of land for \$ 100 000 and is getting purchasers, he should not get the benefit of that threshold. It should be specifically designed for developments where the price of the land is no more than \$5 to \$8 a square foot and where the land size is no more than 300 to 350 square metres which is just perhaps

3 000 to 4 000 square feet of land. If you exempt them from the transfer tax it may in many cases reduce the overall cost of those transactions and would be a boom to people who are first-time home owners. This is what the Honourable Member for St. Lucy has been talking about and I think it is something that needs to be carefully looked at.

Beyond that, there is the question of the impact of these taxes on Barbadians, *vis-a-vis* non-Barbadians. First of all, I hear a lot of discussion in here today by the Honourable Member for St. Peter about us treating British residents more favourably than other foreigners because we had a tax treaty with them. This is one of the most glaring examples of what I fear and can almost predict is going to happen to the Caribbean if we are not careful. Therefore, because of the slow pace to implement the reforms consistent with the single market and economy in the Caribbean, you may very well find that we are going to be offering benefits to non-CARICOM citizens which do not apply to citizens in CARICOM. In other words, a St. Lucian businessman will be in a disadvantaged position in relation to investments and incentives to function in Barbados, in Trinidad and Tobago or in Jamaica than an American, a Canadian, a British businessman or others, not because of special concessions that have been put in place by national Governments but because the global trading arrangements may end up overtaking the reforms that are necessary within CARICOM.

I am certain that the Honourable Member for the City must be embarrassed to be going around the world tutoring other ministers about free trade and what we consider to be fair trade when we in the Caribbean are not living that desiderata as part as our normal arrangements. Therefore, by the time we get there, the global arrangements will take place to the extent that we will be following and this is precisely what is happening. The point being that at the end of the day, the Government needs to give very clear signals and to generate the interest and support of the population for the initiatives which have to be taken at the level of CARICOM.

Therefore, you cannot have inconsistencies in the system where for example, companies from Jamaica and Trinidad and Tobago operating in Barbados as purchasers are paying transfer tax on the purchase of land and on the purchase of shares and paying a higher rate of transfer tax on the sale of the shares and at the same time we are offering better concessions to non-CARICOM companies because of tax treaties or in some cases because of the individual discretion offered by the Ministers of Finance to foreign investors. What this basically is saying is that we prefer their investment to the investment of the people of the Caribbean. That has been happening consistently and it did not start last week, four years ago or ten years ago, it has been part of the life blood of the arrangements which have characterized this region. Therefore, if the ethos that we are to have of the

region functioning in the new world economy in which what we say is what we live or is going to happen then it means that we have to have those reforms introduced very quickly. Frankly to say it is going to take time; I wish time is all it would take because if time was the only problem we could solve that but it takes much more than time because it takes people to have an entirely different approach to how they organise their businesses and it takes all the public officers in Barbados to understand that Barbados means Trinidad and Tobago, Guyana, Jamaica, St. Lucia, and St. Vincent.

I saw some letters in the newspaper by a leading light in the Barbados Labour Party (BLP) criticizing someone for saying that it may be more advantageous to invest in Trinidad and Tobago than it is to invest in Barbados. At the end of the day it would not matter whether you invest in Trinidad and Tobago or in Barbados because we would basically be a single market and single economy. Therefore, those petty nationalistic positions which even young people of my generation are spouting would be of no relevance because basically we would all be seeing the entire Caribbean theatre as ours because others outside of the Caribbean are starting to see their home market as well as the Caribbean market as their theatre. Hence, there are American lawyers only waiting for the opportunity to function in the Barbadian arena in the offshore transactions and they would have to be given the right to do it. I am surprised that our Bar Association has not picked up on that yet.

Asides.

Mr. D. J. H. THOMPSON: Well, but the point is they will even quarrel when you bring in Guyanese or St. Lucians and they do not see the relevance of us trying to ensure, as I say, that we live that in our own region before we open up to others. What will happen in the Caribbean, and we can predict it from here because the time is running out, is that Canadian lawyers, U.S. lawyers, accountants, service providers - it does not only affect the professions. The definition of services includes support services for day care facilities. 3.10p.m.

The Honourable Member for St. Michael South East, all of your areas come under support services, housing, civil engineering, surveying, entertainment, sporting services, almost the entire gamut, transportation system, all by water, air and land. All of these are classified by the UN system as being part of services. Government administration and the support services for government administration, all of these are going to have to be opened up regionally and then eventually there will be a wave of further opening up which will have a tremendous impact. Therefore, we need to be extremely frank in our explanation as to why they are going

to be changes in the tax system, and even though we were having hell, back in the nineties in relation to some of these measures, because people felt that you were opening up the economy too fast and you were pandering to the private sector and the white people who were taking over and so on as a means of scare tactics to make people think that you were doing something that was adverse to their interest. Now in 1999, I can hear Members on that Side extolling the virtues of these changes which could have been implemented a long time ago to the benefit.

When, for example, the transfer taxes were removed on Westmoreland, we got lambasted all over Barbados for removing those transfer taxes in relation to the transactions at Westmoreland. I have come to hear the Honourable Member for St. Peter explaining why it was necessary theoretically but why it was legally mandatory for us to look at the position of the investors in Westmoreland because of taxation arrangements between Barbados and the United Kingdom.

There would be many other examples. Likewise, when concessions were offered to CARICOM countries for waivers of transfer tax, for waivers on share transfers as well as on land transfers the Government of the day, to my mind, was very bitterly criticised when, in fact, had we inculcated our people to these changes we would not have this particular problem.

There are a few points I need to make, Mr. Speaker, about the Land Tax. I agree with what the Honourable Member for St. Lucy has said and I believe that the Prime Minister needs to examine it very carefully. Based on the present value of chattel houses in Barbados, it is quite likely that there is going to be a large number of those properties which are going to be valued at significantly more than \$40 000.

As a result of that, they have already been cases in which pensioners and other Barbadians whose only investment is the chattel house in which they reside have been presented with Land Tax bills in which their taxes have almost doubled as a result of the changes which have been made. Therefore, not only on the basis of any hypothetical case, there are actual examples that one can bring before the Chamber of people whose taxes have been affected very severely in terms of their being increased as a result of the changes announced in August. These are persons who occupy chattel houses and chattel houses that are at a value of more than \$40 000.

Therefore, I think the Honourable Member for St. Lucy was quite right to emphasize and re-emphasize his position because on the statistics as well as on the practice, and even if you look at the tax role in Barbados, I am certain you will be able to identify quite a few chattel houses which have far exceeded a value of \$40 000. Even some of them that are in almost derelict condition, if you pull them down, you are not even sure you could reconstruct them, their value starts at

\$15 000 to \$20 000. A brand new greenheart house is valued at \$45 000 to \$50 000, when you add the land to that and all of the other valuation increases that would occur, it is likely there are a large number of people who may suffer.

In relation to the question of non-Barbadians or non-residents purchasing land, the Honourable Member for St. Peter said he is not interested in introducing alien landholding legislation.

The question of land prices increasing is a double-edged sword. In countries where land space is limited, one has to be very careful how you approach it. You can be very rapacious or indifferent and say that when land prices increase that the level of all the boats in the harbour rises at the same time and, therefore, everybody should be happy. That is for those who already own land.

We are still satisfied, as far as I know in this Parliament, and the Honourable Member for St. George North can correct me if I am wrong, that there are certainly in excess of 4 000 families in this country actively searching for housing in this country.

Aside.

Mr. D. J. H. THOMPSON: It is 10 000? I did not even know that was the figure. Where that happens land taxes are rising and the outer limits of those price increases are moving into central Barbados and right around the coastline of our country and even into areas like St. Philip. Even the NHC has increased the prices at which they are selling land particularly those on the first ridge on the West Coast and so on. Therefore we need to be conscious of the fact that if we do not have alien landholding legislation, if we are not prepared to zone land in Barbados to avoid situations where the impact of those price increases can go wild throughout the entire system, then the Government is going to have to find a way of financing at concessionary rates, the purchase of land and houses by those 10 000 Barbadians. That is going to be a major headache for us in the future but it is a headache that we have to deal with.

These people cannot be left to the market in our system, the average lower to middle income worker who wants to acquire a house and land and those below that. There are unemployed people in Barbados today who wish you to find land and even a house for them, or if their grandmother or somebody gives them a chattel house they want you to find land for them. People have very realistic ambitions to own land in this country. It is our responsibility to meet their legitimate quests for land.

Therefore, if we are not going to zone land nor introduce alien landholding legislation, it means Government has to have some other kind of interventionist policy which may be costly and in which the principle will not be that

land must find its highest economic use and that people will be thrown to the commercial banking system to find the resources to purchase the houses they wish to live in. I think that is extremely important.

It is an attempt to find that balance between the market and how the market determines and regulates prices of land and housing on its own, and what our responsibility is as social engineers and as people who collectively, as far as I understand it, believe that we have an obligation to find housing for the vast majority of Barbadians who need them.

I think that basically would be the response the Democratic Labour Party has to the matters that were raised in these two pieces of legislation. As I say, I hope the background in which these measures were introduced which was not stressed in the Budget but which has now surfaced in this debate would attend to many of the other reforms which the Government has considered in relation to tax policy and other aspects of trade policy and that at some point we would see it as our duty to level with the people of Barbados and make clear what our obligations are and what a Barbados and a Caribbean in the new global trading and economic system will be like.

Thank you.
3.20 p.m.

Hon. G. A. CLARKE: Mr. Speaker, I would want first of all to say I support the measures that were introduced by the Prime Minister in the Budget of this year and also to affirm my commitment to the measures that would be put into law today.

Over the years, people do not generally like to pay taxes. Taxes, especially land taxes have always been the cause of concern to many people. Some people say that they are onerous. Other people say that the taxes are not fair but whatever measure is used people will complain but one has to understand that the property tax is subject to a direct taxation which is a tax on the income that is derived from the property that is owned by individuals of a society. To this extent, one has to see that the rates that were introduced cannot be called retrogressive, regressive or onerous because as I see it, before the taxes were introduced you paid 0.3% on properties over \$100 000. Today you are paying 0.2% on the first \$200 000 of the value of the property and that is important. If you have to look at a house valued at \$100 000 and you compare them before the system was introduced and now, \$100 000 will pay \$200 in taxes. Whereas before the tax if the value were the same would pay \$300.

As far as I am concerned I do not think that the measures that were introduced today were onerous at all. I think it has to do more with the valuation of the property. I

still live in a tenantry and in a village and my land tax is relatively low but those persons who go into the heights and terraces and build massive structures sometimes do not like to pay the commensurate rate but Government must look at the valuation of the properties. Persons who live in the west of Barbados sometimes build very big mansions and the valuation sometimes gets into millions.

I must say that valuation sometimes can suit a person who wants to sell the land or the property or it can suit the person who wants to buy the land. When it is the buyer's chance he wants the valuation to be down, the seller wants the valuation to be high. We have known cases, especially in the west of Barbados, where known owners of property deliberately put the valuation high so as to sell their properties to would-be buyers.

I believe, Mr. Speaker, that when one looks at the property transfer tax, one would think it is the best thing that can be introduced at this time. I would not want to say that I am in favour of an alien landowning law like some other Caribbean territories. This may be the best system to devise at this time outside of the alien landowning law.

Mr. Speaker, two years ago there were a number of Barbadians who were complaining that foreigners were coming to buy up all of our land. Now foreigners cannot sell the land, it is the holders of land that will sell.

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Minister is misleading the House. We are discussing a Bill which deals with land taxes and the value of property and the taxes that one has to pay. If the Government does not pay attention to that, it will force poor people to sell their land because they cannot afford to pay their taxes.

Hon. G. A. CLARKE: Mr. Speaker, Government cannot force anybody to sell their land. There was a time when everybody here who was born in the country knew that poor people would grow pears, canes, potatoes and pay the property tax. What is happening now is that too many people are not planting their lands and that is the problem and this is why they cannot pay.

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Member is misleading the House. The first time I know you can grow canes on sand is now. That is the land he is talking about.

Hon. G. A. CLARKE: The point I am making is that people need to use the land wisely. They need to plant up the land and sell the crops. For years, and this is the point that the Prime Minister made today, it is the poor people who pay their land tax first. It is the middle-class people who want to sell their lands to the highest buyer who will want...

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. I think the Honourable Member is unwittingly misleading the House. He knows how he feels about this. The 300-square metre lots that NHC is selling, once you get out the backdoor you cannot even stretch out your hand to grow anything and this is in rural Barbados. You cannot keep sheep and pigs. You cannot grow anything and therefore what the Honourable Member is saying in this debate is entirely unrealistic because the prices that the Honourable Member for St. Lucy has been talking about are predicated on the National Housing Corporation's norm in 1999.

Hon. G. A. CLARKE: Mr. Speaker, I will deal with the prices of the NHC in a while but I want to make the point that it is the poor people who pay their taxes first. Secondly, that I see nothing wrong in asking the vendors to pay the property transfer tax because you cannot say that you want Barbadians to own the land and then you want to sell it. If vendors are prepared to sell their lands for \$1 million and \$10 million then they should be prepared to pay the taxes too.

If vendors on the west coast want to sell their lands for \$50 million, go right ahead but they must be prepared to pay the taxes too. The buyer abroad cannot sell land.

I also believe that Government must at this time control, not only the land on the west coast but all the land. I think that the time has come when property is to be sold that at least Government should know when these properties are being sold. Sometimes there are situations where lands are being sold to foreigners and Government does not know. I believe the Land Surveys and Registration Departments will know when the time comes to pay the property transfer tax but this might very well be a case for Government to study how we can implement a situation where Government knows who is buying what without trying to control the private sector as such. 3.30 p.m.

Mr. Speaker, I also believe that the way forward in this scenario is to look at valuation. I believe that valuation is not really an exact science; you may have different valuers doing different things to suit their purposes. I have seen valuers turn up to value property for Government and for the private sector and the type of valuation they give is horrendous. I have seen valuers give valuations to properties when they are civil servants but the moment they move outside, when they retire, then the valuation skyrockets. I do not understand it but I believe that we need to concentrate on training these valuers. There is need for more consensus on the way how valuation is done in this country and also need to be more consistent in the way valuations are done. I believe that when this is done that we will see a reduction in the price of land in this country.

Mr. Speaker, I also believe that we need a geographic information system (GIS). The geographic information system is presently used by the Ministry of Agriculture and there is one being used by Town & Country Planning. There is also one being used by the Coastal Conservation. This geographic information system only focuses on a particular area. Within the next year or so, the Government, through the Lands & Surveys Department will be trying to implement a geographic information system program in this country which will have a base-map and will look at the accurate system of location of parcels of land for the valuer. This map will show not only location but ownership across the island. The database that we are hoping to acquire will look at when people change ownership in property from one owner to another. Mr. Speaker, it will also show if a house was improved from chattel to wall.

This proper geographic information system to be introduced very soon, will have a complete mapping of the entire island. When this is done the Land Tax Department, Lands & Surveys Department, the Town Planning Department and all Government agencies will be able to use the geographic information system and use it wisely. This will help us to keep valuation at a consistent level because that is important.

Sir, I must tell this Parliament that the cost of a proper geographic information system is almost \$2 million. We are hoping, Mr. Speaker, that the Ministry of Housing can implement this system between January 2001 and March 2001 because, as I understand it, we will have to fly over the entire island.

Asides.

Hon. G. A. CLARKE: It cannot be done on the ground. We will have to use aerial photography and there will be a complete mapping of the island. This will help the Land Tax Department and the Lands & Surveys Department.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, on a point of order. Sir, I believe the Honourable Member is misleading the House. Mapping surveys have been done for Barbados by the private sector. It was even done for the UNDP because they were trying to link it into a poverty alleviation project. I believe that other Members on that Side can speak to that. There is no need to waste \$2 million, giving people money just for the benefit of giving them. It can be done even based on the elections campaign of the last elections. What is the purpose of such a survey? There are people who can draw the map of a road on the back of their hands and produce that information. It does not make sense for us, in a small country like this, to be talking about spending \$2 million when that information can be easily acquired; both the mapping and as well as the raw data on which you can carry out the analysis. But you have to want to do it.

Hon. G. A. CLARKE: Mr. Speaker, I am not aware that it was done by the private sector. I am aware that the Coastal Department has a geographic information system, but it is only for their particular area. I am also aware that the Ministry of Agriculture has an element of a GIS Programme. Once Lands & Surveys has the entire package, it will be able to map the entire island and this will help all the relevant departments. Mr. Speaker, we will check what the Honourable Member has said and we will try to implement it wherever possible.

Mr. Speaker, much has been said about National Housing Corporation and the value of land. I want to say that the majority of properties owned by National Housing Corporation for sale and for houses are put out to tender. Most of the tenders which we received are what we have been using. We have our own Quantity Surveyor but the truth is that labour cost has increased over the last four or five years and therefore one would not expect the valuation of National Housing's property to remain static. The point is that we are constantly reviewing the rates. I am satisfied that the rates of the National Housing Corporation are lower than in the private sector.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. There is serious conflict with what the Honourable Member for St. Peter said today. The Honourable Member for St. Peter said that you cannot use National Housing Corporation to value a house. His figures were \$40 000 for house and \$ 15 000 for land. When I begged the Honourable Member to use the figures from NHC he said he would use a private sector construction company. Now I am hearing from the Minister of Housing that National Housing Corporation is lower than the private sector and I do not know who to believe. Sir, I am confused.

Hon. G. A. CLARKE: Mr. Speaker, when you look at the properties that National Housing Corporation are currently selling, one would see that the rate for buying a timber house in Gall Hill, St. John, for example, a two-bedroom house with land, you may very well pay \$70 000. When you go into the private sector, you may buy a property from Eastern Land Development or another person who is selling chattel houses and the chattel house may be \$60 000 but when you have to buy the land, the land would then be \$9 or \$10 per square foot; so the total property is more expensive than the National Housing Corporation's property.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. I am getting two different stories in this House, Sir. I want your ruling on this particular matter. I want to know whether to believe the Honourable Member for St. George Norfti or the Honourable Member for St. Peter. The Honourable Member for St. Peter is telling me that the

private sector is cheaper and the Minister is now saying that the houses from National Housing Corporation are cheaper. I want to know which one is correct.

Hon. G. A. CLARKE: The Honourable Member for St. Peter never said that the private developer is cheaper. 3.40p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. I want the records to be called for because the Honourable Member is saying that I am deaf and I cannot be deaf, Sir. I heard the Prime Minister when I quoted page 27 and used the \$40 000 and he kept telling me that he could not use National Housing Corporation because there were people in the private sector and the Prime Minister called names too - "J. B. Corbin"- who were building houses that were \$40 000 plus the \$15 000 for the land; so I want to know which one is telling the truth.

Hon. G. A. CLARKE: Mr. Speaker, I am aware that the houses we are selling are not as...

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. I am asking you to rule which one is telling the truth, Sir.

Mr. SPEAKER: Let me say, I have listened to all three of you.

Hon. G. A. CLARKE: Mr. Speaker, I can only defend the National Housing Corporation. I cannot tell you what is being sold in the private sector.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order. The Honourable Member seems to be confused. In one breath he is saying that the private sector is selling for "X" and in the other breath he is saying the National Housing Corporation is selling for the other and now he is saying that he cannot tell me what the private sector is selling for. I want to find out what is going on in this place, Sir.

Hon. G. A. CLARKE: Mr. Speaker, I make the point that I can only defend the National Housing Corporation. The private sector could be selling for anything, but I know that generally speaking, the National Housing Corporation's prices are lower than the private sector's.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order, Sir, and I want to agree with the Honourable Member for St. George North and based on that, page 27 of the Budget cannot be correct where it says that chattel houses are valued at \$40 000.

Mr. SPEAKER: Which Budget?

Mr. D. St. E. KELLMAN: Mr. Speaker, the Budget of 1999 which states that a chattel house valued at \$40 000 and land valued at \$15 000 is \$55 000, Sir. The Honourable Minister of Housing is saying that the National Housing Corporation's houses are being sold at \$60 000 or more and that is cheaper than the private sector.

I would like to know where this figure came from. I want to know if it was just for tax purposes and some official who wanted to get a figure closer to the break even point, if that figure just dropped into the Budget or whether this is a figure based on a survey of various construction companies. I would like to find out from the Honourable Member for St. Peter where this figure came from.

Hon. G. A. CLARKE: Mr. Speaker, I do not want to get into an argument as to the prices of the National Housing versus the prices of the private sector housing because it makes no sense.

Mr. Speaker, I am convinced that the houses we are selling are not high in valuation. I am convinced that the demand for them is great. I am convinced too that the time has come for us to look at ways to allocate space.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. The Honourable Member is either misleading the House now or has misled the House previously, because there was common agreement in this Chamber that the prices of the National Housing Corporation's houses were excessive by as much as \$10 000; but that what people lost in terms of paying the higher prices on these starter homes, they picked up because the National Housing Corporation was offering loans at a lower rate of interest. It was on that basis that I left, went to my constituency, Sir, and urged my constituents to purchase those substandard houses which were being sold excessively by the National Housing Corporation.

A two-bedroom greenheart house can be purchased at less than the cost of the two-bedroom pine house that the National Housing Corporation has built in Clifton Hall in St. John, likewise a three-bedroom house. Therefore, at the end of the day what was being recommended was that people purchase these houses because they were starter homes and because National Housing Corporation was offering them 100% mortgage as well as reduced interest rates. Now, the Honourable Member is telling us that that is not so and I am totally confused now about the National Housing Corporation's policy in relation to the building of these starter homes.

Hon. G. A. CLARKE: Mr. Speaker, the valuations of the National Housing Corporation, as far as I am concerned, are reasonable and most of the houses that the Honourable Member is referring to, have been either sold or are being

sold within the next couple of days. Persons have already acquired the mortgages and we are going forward.

It is true that most private sectors will say that they can build cheaper greenheart houses until the time comes. We have had cases where contractors came to us and say that they can build a house at \$40 000, but with those \$40 000 houses the foundations are not of a wall structure. We are putting in wall flooring, electricity and water borne toilet facilities. Most of these guys who tell you that they can build a house for \$40 000 are not really building a house for \$40 000.

Mr. D. J. H. THOMPSON: Mr. Speaker, the houses at Clifton Hall do not have wall floorings. The Minister and I visited these houses and found that they were not even propped properly and he demanded that the contractor propped the houses, because they were shaking as we were walking in them.

Mr. SPEAKER: This was not one with the stone flooring, then?

Aside.

Mr. D. J. H. THOMPSON: But they are not being built with stone flooring. They are being built with wooden flooring. They are not being built as they used to build them years ago where all the foundation was put in, but the actual structure is less than the area of the foundation since this is a starter home so that if you want to increase it, the foundation is already built. They do not build them like that anymore. What they basically do is to put some concrete blocks in the ground, carry them up to certain heights and then build the chattel house on that as was done in Gall Hill. If they are supposed to have stone floors, I suggest that you go up there and get the stone floors in, because I am going to say that you said that they should have stone foundation on those houses at Clifton Hall.

Hon. G. A. CLARKE: Mr. Speaker, they are built with a foundation of stone.

Mr. SPEAKER: But, not the one that you visited.

Hon. G. A. CLARKE: Generally speaking, they are built with stone foundations, but I have to investigate that matter.

Mr. Speaker, I support the measures and I am looking forward to the support of all other Honourable Members.

Thank you.

Mr. SPEAKER: The Honourable Member for St. Thomas.

Hon. D. A. C. SIMMONS: Mr. Speaker, I wanted to make a few comments on this legislation because the Prime Minister in his opening, adverted to the fact that representation has been made by Members of the Bar Association as recently as last night and this morning. The Chairman of the Land Transfer Committee of the Bar Association spoke to me this morning and they are having difficulty with complying or indeed seeing the legality; a practice that they claim has been imposed by the Registrar setting a cut-off date of the 31st December for bringing in the new arrangements for Property Transfer Tax.

I therefore looked at the legal position this morning before coming to the House and it is my recommendation which has only been orally communicated to the Prime Minister because of time, that the Property Transfer Tax Act needs to have a regulation made in the pursuance of the ministerial power. There has never been one made according to the set of laws that I have. I checked the subsidiary legislation this morning and my office is fairly up-to-date and could not find any evidence of a regulation having made in the past.

But this is important because when you are implementing law to reflect the policy, you have to be sure that the facts which influenced the policies are such that any new legislation would adequately address and at the same time not to deprive people of their rights. 3.50 p.m.

What are the facts? The facts are that in Barbados people signed agreements for the purchase of land. I think the usual sort of case is that 10% is paid down on the execution of the agreement as a deposit, then the agreement goes on to spell out that in default of paying the balance the vendor would have certain rights. Usually between 60 to 90 days is afforded to a purchaser to complete the conveyance. On the other hand, there is also the culture that has developed under which some property developers allow prospective purchasers to pay the purchase price by installments. On signing the agreement you may pay a proportion of the price and the balance is then paid over the next few years until you have completed the agreement. You cannot go straight into conveyance until you have completed that payment. The practice in Barbados also recognises the payment of the purchase price by installments. Therefore, as a result of that announcement in the Budget, it changes the relationship between transferor and transferee on payment of the property transfer tax.

The rates have been changed for the transferor (the vendor). The question has arisen as to what happens where an agreement was concluded on which the property transfer tax was to be 5% but since August it has been changed to 10%. My first legal response to that is that nothing in this

Property Transfer Tax Bill before the House today can purport to deprive purchasers who had pre-existing or accrued rights. To do that would be to fly in the face of a fundamental principle of statutory interpretation, which says that legislation must not be interpreted so as to deprive people of their existing rights. The question is, how do we ensure compliance with that statutory cannon of interpretation?

Asides.

Hon. D. A. C. SIMMONS: It is my view - and I am not attempting to draft on my feet - that a regulation should be prepared, it cannot take effect until probably January, which would give the Registrar the right to approve agreements made *bonafide* if he is satisfied that an agreement was made in good faith prior to August 24, 1999. However, he has to be satisfied on credible evidence that that standard implicit in the word "satisfied" is the civil standard. If he is satisfied on credible evidence that the agreement was made prior to August 24, 1999 then he applies the rate of 5% which was the pre-existing law. Therefore, it would be unwise to have any cut-off date and the matters should be dealt with by the Registrar on a case by case basis so long as you put in words like, "upon his being satisfied by credible evidence that such is the case."

I would recommend that in due course and I will have to put it in writing but that is the kind of oral recommendation that I will make to the Prime Minister. I think also that the word should go forth that there is a misunderstanding about December 31 and we are not having any cut-off point at this stage.

Sir, the second matter I want to raise is a very important matter adverted to by the Leader of the Opposition in his speech. I have to say that I am in agreement with the Leader of the Opposition when he calls for more basic discussion and information about the single market and economy and the Protocols. Last week Monday, I had to chair a meeting in Jamaica. We have World Bank and IADB meeting this weekend and there was a meeting of the prep-committee to bring the Caribbean Court into existence.

Last Monday I was on many different radio stations and the television in Jamaica and it became clear to me that there is a need for public education in respect of the single market and economy and the Protocols as evident by the questions that were being asked of me on the Call-in programmes. Jamaicans, who would like to establish businesses in Barbados took the opportunity to call to ask if it could be done and what the Protocols mean. They do not know a thing about those up there. I instructed the CARICOM representatives at the meeting to take back a message to the Secretary General that I would wish to speak to him in this regard.

Asides.

Hon. D. A. C. SIMMONS: Sir, on the other hand, in relation to the Caribbean Court of Justice, the Heads took a conscious decision in July to appoint the prep-committee. Why they chose me as Chairman, I cannot tell you but they have asked me to chair the committee and I have to answer to them not to CARICOM to make sure that the court happens. In the mandate which they have given me on the Committee, they have asked us to carry out a programme of public education throughout the region and we had three meetings, on August 13, October 10 and December 6.

We have mapped out a clear programme of public education for the public of the region in respect to the court. I want to give to the Members of the House a brief synopsis of what we are doing because the Honourable Leader of the Opposition had a lot to say over the weekend about not reporting and so on. In some countries, there are opponents of the court who are prepared to oppose it without the facts and without having read any documents concerning the court. That was evident in a discussion on radio among certain lawyers and Mr. Pollard of the CARICOM Secretariat. I would not put the names of the lawyers in the record but one was surprised. One was a former Minister in the PNP Government who confessed that he had not read any of the documents about the court but was cursing the court until Mr. Pollard asked him, "Have you read the documents?" He said "No." Now, we were aware of that. 4.00 p.m.

Sir, we have taken a decision that all of the instruments to set up the court will be published in one bound volume in the raw legalese for the lawyers who want to nitpick about whether you use "hereto" or "thereto."

In addition to that, all parliamentarians in the region will have not only that document but also a learning paper, at the moment it is 51 pages, prepared by Mr. Hugh Rollins, Senior Lecturer at the Law Faculty, tracing the history of the debate about the Caribbean Court, putting all of the arguments that have been used over time so that the average person can understand the context in which the court is being developed.

In addition to that, there is also an analysis of the raw legal instruments by Mr. Rollins, so you are likely to have three separate documents which will be formatted at the CARICOM Secretariat in Georgetown and regional Governments will be asked in pursuance of the mandate of the Heads to give those documents the widest possible circulation in individual territories.

I would expect early in the New Year, Sir, that the Government Printery of Barbados will be printing those documents for the Barbadian public to understand about the court.

In addition to that, it is agreed that the members of the committee, and there are about four of us as Attorneys General, will go around to the territories in the region and speak to the public of the Caribbean, on television, radio and so on.

Thirdly, the Caribbean Broadcasting Union and CANA have agreed with me to mount a series of hook-ups where the public can call in and discuss with a panel of us all the angles they want to know about the court.

Fourthly, CARICOM is going to put on its website all of the documents and instruments underpinning the establishment of the court. I would expect we can do that in Barbados through GIS. They have a website and other countries have agreed they would do it.

The documents, apart from being circulated at ground level, will also be up there for the public because we are getting a lot of questions being asked from all over the world; Australia, Sweden, Germany. All kinds of people are enquiring about the Caribbean Court of Justice.

I will tell you why now, Sir. Caribbean people, perhaps, have not yet fully appreciated it but you cannot bring the single market and economy into existence in the year 2000 without there also being in existence a mechanism for the settlement of disputes between member states; a mechanism for interpreting and applying the Treaty now being amended by the several Protocols; that mechanism is absolutely necessary. The establishment of the Caribbean Court of Justice is essential. In fact, it is central to the regional integration process.

The debate, it is true became distorted by opponents of the court who wished to convey the impression that because the Caribbean public was dissatisfied with Pratt & Morgan and the line of cases following Pratt & Morgan, that the Caribbean Court was being established as some hanging court. I have tried manfully, Sir, and I see that things I have said are being quoted all about the place, to give the Caribbean public an assurance that the reasons for the establishment of the court are far loftier than the folly that is being perpetrated that the court is to be some hanging court.

In fact, I have gone so far as to say, and I believe the Honourable Member of the Opposition may have heard what I said to the BBC last Monday, that it is a positively unbecoming argument and an insult to the potential judges of the Caribbean Court to suggest that it would be a hanging court because that presupposes that the judges will come to discharge their functions consumed by bias and prejudice.

I want that to be clearly understood. It is an insult to the future judges of the Caribbean Court of Justice to suggest that the purpose of the court would be some oblique purpose of accelerating hangings because what you are saying to

those judges is that well, we are going to handpick you fellows, and they can be as many as nine. Can you believe nine judges would be chosen to accelerate hangings? That is foolishness, real foolishness. As I said, the real reason is the regional integration process.

Then, of course, there are emotional factors such as the matter of sovereignty; the completion of our independence, political and psychological independence; the question of geography; location of the court and the cost. We are going to make the court itinerant to carry justice to the people just as the Federal Court used to do and so on.

The point I am making, Sir, is that in respect of the court there will be and there is a programme of public education throughout the region. I would like to see the same thing replicated, and this is where I agree with the Leader of the Opposition, in respect of the single market economy and the Protocols. We have two more to complete in February and then we really will be in a position to get it off the ground.

I believe if you ask the average person in CARICOM, what the Protocols are about, they do not know. What is Protocol I about? What is Protocol II? What do you mean when you talk about rights of establishment? What is the transport policy? How is this going to work? I feel we need a programme of simple education through the Government Information Services. CARICOM has a public relations department that can coordinate a lot and I hope that they will embark on a programme to run in tandem with the one we are doing for the court but there is need for a lot more education. I can tell you from my experience in Jamaica last week there is a lot of ignorance about it so we need to do that. I am sure the Heads will address the need for public education in respect of the single market and economy. I am obliged to you, Sir. 4.10p.m.

Rt. Hon. O. S. ARTHUR: I rise to wind up the debate and to thank Members who have spoken in it. I thoroughly enjoyed the presentation of the Member for St. Lucy although I must warn him as I warned other Members on the Other Side that if you make suggestions that have merit, I am not concerned about the source but the intrinsic values and you will find yourself the victim of the politics of inclusion.

Sir, I thank the Member for St. John for the points that he has raised as well as the two Members who spoke on this Side.

Mr. Speaker, there is a broad issue involved in this entire discussion on the reform of taxes and properties and I think that we must not lose sight of it. It is that the citizens

of a society must never come to feel a sense of disconnection between themselves and that society. The greatest threat to our stability as a nation would be for our citizens to feel disconnected from the society and that could easily happen if people come to feel that they do not have a say in the society because they cannot afford to live here, they cannot afford to maintain their properties or if it were ever to become the case that the attempt to maintain what they have is ruinous to their financial situation.

I give the House the assurance that Government is very sensitive to the fact that there must never be a sense of disconnection between the people of Barbados and their society. We are conscious as well of the fact that that disconnection can come in very many different ways but one principal form in which it can come is their inability to purchase land in their own country or to hold on to the land that they have inherited.

As a result, Mr. Speaker, Sir, I feel that the answer is not for us in this matter just to keep varying the rates of tax as valuations change. We have to deal fundamentally with the nature of the Land Valuation Act in Barbados and comprehensively overhaul it such that people do not come to find themselves in a situation where they cannot hold on to their land because it is too expensive to pay the taxes to keep it.

Our Land Valuation Act, Sir, goes back some way and it is based upon the precept that the value of land is really based upon what it is worth if it is offered for sale on such reasonable terms and conditions as a *bona fide* seller or purchaser would require. A man's land or property is not worth what it cost. For the purpose of valuing land for taxation it is not based upon some other value as obtained in other jurisdictions. In other jurisdictions there is a different worth of the land. It is what your property would sell for in a fair market.

Some people are now finding themselves the victims of that escalation in the value of the land that has to do with market considerations of which they have absolutely no control. It is really not the Government's intention to put our citizens in a circumstance where for purposes of taxes, land valuations rise at too rapid a rate such that the tax liability of the ordinary Barbadian becomes ruinous to their financial condition.

I am going to commission a comprehensive overhaul of the Land Valuation Act and I will give the House the commitment that the next valuation will have to be done under a piece of legislation that is radically different from that which we have in place. I believe, Sir, that I need to make the point that I do not feel that we should halt the development of the country merely because market values

are going up. What we need to do is to use something other than market values as the basis of computing the value of property for the purpose of determining tax liability.

The benefit to the citizen will be that the market value will be a collateral value that will be their security when they need to borrow and if they need to sell, then they have the benefit of that market value but the market value only becomes realistic if there is a market meaning that the persons want to sell or buy. As it pertains to taxation the person is neither buying nor selling. Hence the market value intrinsically should not be the value.

There are other categories in other jurisdictions where a different concept of value is used for the purpose of determining tax. So I give the House the assurance, Sir, that the last valuation exercise will be the last using the definitions and the methodology incorporated in the Land Valuation Act which came into existence in 1969. I do not believe that we have to go back to the rebate because that was a day of genuinely artificial restraint, the rate at which valuations impacted on tax liability.

I feel that just as that matter went to a Select Committee of the House, once we get the legislation in place and have reviewed it that we can thereafter refer it to the House so that the threat of disconnection and the threat of destabilisation that is growing and the Government is sensitive to it, does not become a matter that can be a factor in destroying what we have worked so hard to achieve.

The Government is sensitive to the fact and I just want to say that in the interval, while we look at revising the Land Valuation Act just to urge those citizens who feel as if they have been somewhat savaged by the new valuations to utilise the full facilities of the Land Valuation Appeal Board. The Government will provide every such reasonable latitude for the citizens to be able to exercise their rights to redress.

It was not the intention of the Government to work a hardship on the people of Barbados by carrying out an exercise required of us by statute. The Minister of Finance has no discretion to vary the value of people's property nor to hear appeals. All that is incorporated in law.

I believe, Sir, that we can have a meeting of minds on this matter. I am very conscious of the perils that people could face if they had to cough up really substantial sums merely because somebody says the value of their property has gone up. At the same time I am happy for people that they are living in a land where the general betterment of the society is leading to an improvement in their property. Let us find a happy medium and I feel that we are on that correct course.

The Attorney General spoke about the single market and single economy and as the Prime Minister who has a

designated responsibility for it, Sir, I would just like to make a few points. We will try our very best. I remember the evening when we launched the public education programme on the single market and single economy and it is in place but the reality is that until the single market and single economy becomes a reality in people's lives, the fact that it is expressed on paper in the form of protocols will mean nothing to them.

I would take a bet that there are perhaps no more than 50 people in the entire Caribbean who have read the Treaty of Chaguaramas, independent of persons who have to read it by reason of their office. That is true. Very few people have ever read it. You can only understand the Protocols when you read them in conjunction with the Treaty because the Protocols are in fact saying, we are amending Section "X" of the Treaty of Chaguaramas and replacing it by "Y". It is not just a question of reading the Protocols but you have to read the Protocols in conjunction with the Treaty. The Treaty of Chaguaramas has never, ever, been talked about in schools. It is a document that is foreign to groups in the Caribbean. Most policy-makers have never read it, Sir, unless they are forced to do. In fact, they do not have to do so because of legal grounds... 4.20 p.m.

Asides.

Rt. Hon. O. S. ARTHUR: Exactly, it was not even incorporated in our laws. Lawyers do not have to read it because the Treaty sets up a mechanism for dispute settlement that is not judicial.

Asides.

Rt. Hon. O. S. ARTHUR: It was just a band of arbitrary people. The Attorney General may not know but I participated about eighteen months ago in a cross Caribbean hook-up, 'Tell-It' exactly of the kind that he is speaking about in which people called in to talk about the single market and single economy and people heard it but the next day it means nothing in their lives; the next week it means nothing in their lives and it becomes an abstraction. That is the difficulty one has at this stage.

There is hardly a speech that I make now without referring to it. Sir, you may be aware that I believe that the responsibility for selling the single market has to be bigger than that of the Prime Minister of Barbados. I have suggested to CARICOM that the Caribbean Heads should be constituted like a quasi Cabinet so that all of us will be talking to some aspects of the single market and single economy within the context of a designated portfolio. That we need a Head, for example, to talk to the judicial aspects of it. There is an industrial policy built into it and there is an agricultural policy built into it. The single market and single economy in one Protocol sets out a mechanism for

competition policy within the region in the same way that we have set up a Fair Trading Commission in Barbados and there is a Protocol dealing with inter-Caribbean competition policy. We have established an extra-regional trade policy and built it into a Protocol and various different Heads must have the responsibility for taking those different things and be responsible for them on a day-to-day basis, in the manner in which Ministers of the Crown are responsible for specific subjects, for the Protocols to move from the stage of written abstraction to a reality in people's lives. Until that begins to happen, Sir, I fear the reality that except for those of us who are deeply embroiled in it, it is just another abstraction.

I must say that the Press has a role to play. At every Heads of Government meeting, I have to give an interview on the single market and single economy. It started from 1973 and came forward. Then every other Heads of Government meeting it is as if we started from scratch again because people in the Caribbean do not read documents. I do not believe that there are fifteen journalists in the Caribbean who have ever read the Treaty of Chaguaramas. There may be only ten - and I am being generous - who have ever read the Protocols. Yet they want to talk about it. There is no substitute to reading if one wants to articulate. I understand the sense of frustration that the Attorney General faces.

Jamaica has a fascination with the single market because Jamaica is now coming to understand the way in which Trinidad has devastated the Jamaica industrial scene by techniques that were not always wholesome. I must also say, Sir, that Barbados is also doing its own research because it is a very wondrous thing the way in which some countries just suddenly have become so competitive that they can wipe out all kinds of industrial activity that were long established as if by magic. The techniques are there to beat the system.

I am not accusing anybody of anything, Sir, but Barbados is very carefully doing its research because that sudden increase of Trinidad's exports to \$251 million and the drop of our exports to Trinidad from \$60 million to \$30 million is a wondrous thing that has carefully to be studied, Sir. We know how people can use free zones, re-labelling and a whole range of other techniques to create the illusion of competitiveness.

Sir, I am not going to stray as the House has a lot of business. Just to say that continuing concern with poverty in this country is a matter that I feel is a proper concern of this House. That at the end of the day we are here because we want truly to make Barbados a genuine property owning democracy by getting our property taxes right but more especially so, establishing a relationship between the ordinary man and the ordinary woman and the land of their birth constitute such a fundamental part of the process of

economic development that I cannot imagine something more worthy of Parliament at the end of the century.

It is in that context, but with the assurance that this work to get the reform of our property system right that I now beg to move that this Bill be read a second time.

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

On the motion of Rt. Hon. O. S. ARTHUR seconded by Hon. Miss B. A. MILLER, the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Clauses 1 to 3 were called and passed.

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

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. Miss B. A. MILLER, the Bill was read a third time and passed and cited as the Land Tax (Amendment) Act, 1999.

ORDER NO. 2 - PROPERTY TRANSFER TAX (AMENDMENT) (NO. 2) BILL, 1999

Rt. Hon. O. S. ARTHUR: I indicated that I would incorporate these Bills and I think that I have successfully encapsulated this Bill.

I beg to move that this Bill be read a second time.

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. Miss B. A. MILLER, the House resolved itself into Committee, Mr. D. CARTER in the Chair. 4.30 p.m.

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 — 10 inclusive, were 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 SPEAKER, the passing of one Bill in Committee and Mr. 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 and cited as the Property Transfer Tax (Amendment) (No. 2) Act, 1999.

ORDER NO. 3 - THE VALUE ADDED TAX
(AMENDMENT) BILL, 1999

Hon. D. A. C. SIMMONS: Mr. Speaker, this Bill is brought in fulfillment of commitment given by the Honourable Prime Minister in the 1998 Budgetary Proposals. He indicated that a number of administrative areas were identified by the VAT Department as being weak and were to be addressed by way of certain legislative amendments. The amendments proposed in the Bill here today therefore seek to address the question of improving the administration of the Value Added Tax.

For example, Sir, in Clause 2, the issue that is being addressed there is a redefining of the term "registrant" and the insertion of a definition of "second-hand goods" and "residential condominium unit." In Clause 3 in section 7 subsection 8 of the Act does not presently provide the imposition of a penalty where a registrant fails to issue a tax invoice on demand to another registrant and the proposed amendment would apply to the whole Act, Sir.

Similarly, we are addressing a number of issues right through the Clauses, Sir, 4, 5, 6, 7 and 8. I would like to mention Clause 6 among those which now will permit the retroactive registration of persons who fail to comply in a timely manner with the provisions of the Act. The new amendment will allow for the registration of persons who intend to make supplies of exactly \$60 000.

Clauses 10 and 11 impose limitations of two years in respect of claims for refunds made by diplomats and people in the international financial sector.

The issue that it addresses in Clause 15 relates to the Duties, Taxes and Other Payments (Exemption) Act, Property Transfer Tax Act, Public Entertainment Act, Liquor Licensing Act and the Value Added Tax Regulations. This is a very technical Bill. I had however, redrafted today in here, Clause 9 of the Bill to meet certain concerns of the Comptroller of Customs and have circulated an amendment which I shall read and avoid having to deal with it in Committee. The new Clause 9 will read:

"Section 42 of the principal Act is amended by

- (a) deleting subsection (5);
- (b) deleting subsection (6) and substituting therefor as subsection (5) the following:

5. The supplier of second-hand goods shall apply the tax fraction to the difference between the cost price of the goods and the selling price of the same in determining the tax payable on a supply of those goods."

That is the text of the new subsection, and:

"(c) by renumbering subsections 7, 8 and 9 as they presently exist and renumbering them as subsections 6, 7 and 8 respectively."

because we have deleted one of those subsections.

I beg to move therefore that this Bill be read a second time, Sir.

Hon. R. C. EASTMOND: I beg to second that, Sir.

Mr. SPEAKER: The Honourable Member for St. Lucy.

Mr. D. St. E. KELLMAN: Sir, I do not intend to speak for very long on this particular matter but I want to raise some concerns. Under the Value Added Tax Act, most small businesses should be computerised. I think sometimes that the Government must recognise that under this provision, there should be some type of financing to help small businesses computerise their businesses because of the additional work that this involves, in trying to meet the monthly deadlines, it causes particular problems for small businesses.

Mr. Speaker, there is also another problem and that is the small businesses which buy goods from large suppliers who are computerised. They are forced to quote the particular invoice number. In my opinion, I think the onus should be on the large supplier to find that information instead of asking the small businesses to go back to months of bills to look for that information when that information is readily available to the large suppliers. I would like to see the onus removed from the small businesses to the suppliers in providing that particular invoice number.

Those are the only concerns I have with this particular Act at this point in time. 4.40 p.m.

Hon. D. A. C. SIMMONS: I thank the Honourable Member for his observation, I am sure the Prime Minister heard him. It is not my Ministry so I cannot give him any assurance. We just passed Small Business Development legislation and that is probably an area that needs discussing with the Minister responsible for small business.

Subject to that observation, Sir, I beg to move that the Bill be read a second time.

Hon. R. N. GREENIDGE: I beg to second that, Sir.

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

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that Your Honour do now leave the Chair and the House go into Committee on this Bill. I have to consider two or three amendments, Sir.

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. N. GREENIDGE, the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clauses 1-5 were called and passed. Clause 6 was called.

Hon. D. A. C. SIMMONS: In moving that Clause 6 stand part, I wish to propose an amendment to (4B) paragraph (a).

It said (a) "shall, if the applicant intends to carry on taxable activities to the value of over \$60 000 or more annually"

I am moving that the word "over" be deleted.

Mr. D. St. E KELLMAN: Mr. Chairman, to be honest with you, I believe that with this provision here under (4B), if we are to get efficiency in the system, we should try to encourage all businesses to be registered for VAT and we should move away from the \$60 000. In this day and age we should be encouraging businesses to do more sales than 1 153 per week.

The question that Clause 6 with amendment stand part was put and resolved in the affirmative.

Clauses 7—8 were called and passed.

Clause 9 was called.

Hon. D. A. C. SIMMONS: Sir, I have circulated a redraft of Clause 9 and I beg to move that the existing Clause 9 be replaced by the amendment circulated.

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

Clauses 10—11 were called and passed.

Clause 12 was called.

Hon. D. A. C. SIMMONS: Sir, there is a small amendment to Clause 12. The word to be amended is not "and" but "not" appearing in the last line of section 62.1 beg to move therefore that Section 62 as amended by deleting the word "and" and substituting the word "not" stand part.

The question that Clause 12 as amended stand part was put and resolved in the affirmative without division.

Clauses 13 - 15 were called and passed. The

Schedule was called and passed.

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill in Committee with amendments and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, the Bill was read a third time, passed and cited as the Value Added Tax (Amendment) Act, 1999. 4.50 p.m.

ORDER NO. 5 - INSURANCE (MISCELLANEOUS PROVISIONS) BILL, 1999

Hon. R. R. FARLEY: Mr. Speaker, this Bill before us, the Insurance (Miscellaneous Provisions) Bill, 1999 seeks to make an amendment with respect to providing a date for which exempt insurance companies are able to register under the new insurance arrangements which were put in place with respect to the convergence of domestic and international insurance companies.

The insurance industry of Barbados continues to be one of major economic importance for us. In fact, Sir, the captive insurance industry in Barbados is the fifth largest insurance domicile in the world. In terms of the number of companies which we have in Barbados we continue to record steady growth in the number of companies. Certainly for this year so far, figures up to September indicate that we have had during the course of the year the total number of companies registered as 359 exempt insurance companies and 65 exempt management companies. This trend of growth is repeated throughout the other aspects of international business.

Focussing specifically on insurance, Mr. Speaker, not only do we have an increased number of companies but what is of particular importance is that the size of the portfolio of those companies continues to grow. In fact, what we are experiencing is an expansion and a deepening of the type of insurance activity conducted in Barbados. We are not one of those destinations in which there is just a name placed on an

attorney's door for the purposes of incorporation. There is substantial and active business conducted and particularly through the exempt insurance management companies where several Barbadians are employed in managing significant assets and actually making investments on behalf of insurance companies around the world.

This attractiveness of the sector in Barbados has also attracted interest of another kind. For example, Sir, with Barbados being among the top six countries for Canadian outward investment in the last several years. In fact in 1998 we were ranked as number 3 in terms of investments of Canadians, in countries other than at home and this obviously would attract some attention.

Additionally, Sir, when we examine the categories of outward investment from Canada, you would note that finance and insurance constitutes the largest of their outbound investment sectors ahead of energy and mining and areas such as that. What it has done as well, Sir, is to put our sector here under the greatest scrutiny from multilateral institutions such as the Organisation for Economic Cooperation (OECD). It has also caused the international Press to focus on what we are doing here. There were articles in the *New York Times*, in *Globe* and *Mail of Canada* and several international publications.

Those publications that have bothered to do their research have recognised that what has caused us to grow has been our strength and our capacity to actually service business here. It is as easy and as possible to do business in the insurance capital of Barbados as it is to do it in London or New York or one of the more traditional financial service centres.

Unfortunately, that does not prevent us from being categorised among a large group of countries which are perceived to be only of any interest and value, because of competitive rates of tax and in fact one of the purposes behind the convergence policy was to ensure that we are able to have a regime for insurance which contains all of the features of supervision and regulation which one would associate with a mature and sophisticated jurisdiction.

Sir, the amendment which is before us is really a continuation of a process which was started earlier. You will recall, Sir, that in response to a number of the issues which were raised internationally and more specifically arising out of the 1995 position in Canada, where an amendment to their Canadian Foreign Affiliates Rules within their tax legislation raised issues of how exempt surplus should be treated for insurance companies, several discussions were followed along those lines.

The first was initiated in 1997 and the long and short of that story was that it was recognised that the treatment of insurance companies and the continuity of our very successful and attractive insurance regime necessitated some

changes to be made. This Parliament considered the proposals for convergence and indeed passed the appropriate legislation which allowed for the convergence of the sectors.

With respect to the other aspects of the offshore sector the Canadian authorities would have passed their Canadian Income Tax Regulations 5907, which made it explicit that the benefits which accrue to International Business Companies would continue but it did not speak to the matter of the insurance companies.

We recognise that there are no separate and individual agendas concerning the treatment of international business and financial services by OECD member countries. In fact, while you may be in discussions with one country concerning the nature of bilateral relationships, all that has happened is part of a wider initiative which will in effect put some pressure on our international business sector as we know it.

We recognise that what is required of us, Sir, is to strengthen our regulatory regime to ensure that we can continue to be a country that has a clean jurisdiction. I am pleased to report that Barbados has been able to hold its head up very high even under the greatest and closest of scrutiny. We have not degenerated into being a major international centre for money laundering, for drug trafficking and for general financial crimes generally. We are satisfied that the policies which were embarked on by this country several years ago where we chose as a matter of deliberate strategy to go after legitimate business which would involve active business in this country, was one which would allow us to make the greatest possible economic impact out of an involvement with international business and financial services sectors.

In fact, this legislative approach in terms of convergence of the insurance industry is what this is really all about. More specifically, what we aim to obtain out of the earlier amendments was the inclusion of the insurance regime of Barbados under the Income Tax Act or to have the benefits accruing to insurance companies involved with international business to occur under the Income Tax Act and to have also the captive insurance business under the supervisory control of the Supervisor of Insurance. Those early initiatives have put us in good stead especially in the face of what is the latest and greatest threat to international business and financial services generally, that is, the OECD Report on Harmful Tax Competition.

Mr. Speaker, as you will recall, the OECD is the body made up of some 29 member countries mainly the leading industrialised countries and they have determined that they would want to launch an initiative in which they seek to slow down the movement of mobile financial and other services. As part of that initiative, a report was published in 1998 and

they subsequently conducted a review of some 47 jurisdictions, including Barbados, which are involved in international business and financial services. I can report that Barbados has been in full co-operation, albeit, not necessarily in agreement with aspects of the OECD's work because we recognise that we have nothing to hide. In fact, when the list of proposed tax havens comes out in June 2000 we are reasonably satisfied that Barbados should not be amongst countries of that particular categorization. We, as a country, certainly reserve the sovereign right to impose the system of taxation which fits into our agenda for development and we reject the notion that the OECD is the fit and proper body for the development of international policy in this matter. In fact, Sir, these matters properly rest in the legitimate multi-national institutions whether they be the WTO, IMF or similar bodies. 5.00 p.m.

Sir, again I make the point that there is no disconnection between these threats which are facing us at one and the same time. In fact, Sir, it is no mystery as to why the industrialized countries are focusing on services. Services account now for at least 25% of international trade. It is the one area left to developing countries where we are competitive and where we can make our way in the world. Barbados will not stand idly by to have one of the major areas, in which we are able to be competitive, to be hijacked by a small band of twenty nine countries.

Mr. Speaker, I want to give this Parliament the assurance that this proposed amendment, which gives us an additional year in which to complete the process of the convergence of the domestic and international insurance sectors, is part of that growth strategy to make sure that whilst we plan for the future that we take realistic account of the changes which are occurring in the international environment and that we strengthen our domestic regulatory systems and that we build an industry which is not based simply on competitive tax rates but on delivering quality professional services that provide ample opportunity for Barbados' well trained, highly educated professionals. Sir, it is in that context that I want to cast this amended Bill which you are proposing.

Mr. Speaker, with those brief introductory comments, I beg to move that this Bill be read a second time.

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

Mr. D. J. H. THOMPSON: Mr. Speaker, we are at the end of the year and I do not want to prolong the House but there are a couple of things that I want to mention.

The Honourable Member for Christ Church East is going to have some time in the new year making very clear and specific what it is that the international business and financial services sector hopes to achieve in the short and

medium term and how it is going to do it. In other words, what is the plan. I have heard everything that he said at the end which is the brochured, glossy, financial promotion. There are some grave concerns that I have about the international business and financial services sector. I will tell you this. All that the Honourable Member for Christ Church East, the Honourable Member for St. Peter, the gentlemen in the Other Place and I have said about that sector, if something is not done about procedures in the Registration Department immediately, all of the gains that we would have made in relation to other areas in the offshore sector will come to nought. Something has to be done to speed up the registration of companies because all the old talk about computerisation, on-line registration and all of the other stuff that we heard from the previous Minister has not materialised. There are still major delays occasioned either by personnel available, personnel changes, failure to respond to queries and very lengthy procedural interventions which have been taking place and which have continued to delay registrations in the Corporate Registry.

Beyond that, there are delays in, as I understand it, the communication between ministries both in relation to work permit applications, in relation to registrations within the Ministry of the various investment vehicles as well as non-response by the Ministry to questions which may come either from Attorneys or other professionals about the operations of companies. That, perhaps is the worst part of it. It seems as though we can never respond - they could not do it in my time and they do not seem to be able to do it now - to basic questions which either require rulings or quick responses by officials - whether it is Heads of Departments who have to give advice or respond directly or Ministers of Government.

Asides.

Mr. D. J. H. THOMPSON: Yes, you may respond but when you respond in anger you send the wrong response. You should wait, hold the letter, think about it, do not let what is happening on the political scene influence you and then respond in due season, or do not reduce it to writing.

There are a lot of professionals who complain that they have written either to the Minister of Finance, the Minister of International Business or some other Minister to get a response. I know the Ministers cannot walk around with responses in their heads to these issues but the committee that has been established by Government to look at the offshore sector, to my mind has, been an abysmal failure. It is a committee of people each of whom is looking to generate business for their entity and therefore they cannot see any valid suggestions made either by professionals from the same background as them where they are dealing with accountants nor can they come to any firm decision on either the legislative changes that are necessary or very often the amendments to legislation. We need to face that.

This is not new, there is no point pretending that comments are off the top of my head or that they are generated by opposition politics because the same frustrations that I am seeing now occurred when I was on the Other Side. Something will have to be done about it because Barbados is gaining the reputation of being a domicile which is high bound, not by problems with professionals *per se* but with getting responses from Government officials and getting quick action. There was a time when there were problems getting telephone lines and all the talk about it being as easy to do business here as it is to do it in New York or Singapore is not so. It is frankly not so.

Asides.

Mr. D. J. H. THOMPSON: You can go outside and tell people who want to invest that it is so but for us to say that in here, we would be fooling ourselves that Barbados as a domicile is tremendously efficient and that we respond as quickly.

What the Honourable Member for Christ Church East needs not do is to tell us the absolute figures in relation to registration. Tell me the number of registrations per year and whether we have been keeping pace with that number or whether there has been a decline in the number of new registrations. 5.10p.m.

Aside.

Mr. D. J. H. THOMPSON: The PR does not have to occur in here because we are not going to stand in the way of the development of an efficient offshore sector. In fact, this is one area the Government will get our full and unequivocal support because it can provide good jobs for well-trained professionals, both for those who are Barbadian in the context of what will be happening in CARICOM, or for those persons who may wish to use Barbados as their residence or base of operation.

It can also provide great opportunities for spin-off forms of employment. Not just for professionals because there are other people who will benefit from it. But if the Immigration Department continues at its present pace of arrangements, if the Corporate Registry and if many of the other Government departments that have to process these applications, including the Ministries which fail to respond to very simple queries and requests or give ruling on staff or other matters and if the private sector itself believes that all you have to do is build the building, but then the services that have to be connected to those buildings like the telephones and so on that those delays are going to help Barbados as a domicile, they will not. For the simple reason that five years ago, there would have been two countries in CARICOM which had advance offshore legislation, Bahamas and Barbados. Today, you have countries like

St. Vincent passing seven pieces of legislation in one day in Parliament. St. Lucia, five pieces of legislation in one day and therefore we are in competition with those people. Let me be very careful in what I am saying, I am not suggesting that there are...

Asides.

Mr. D. J. H. THOMPSON: Who would be more aggressive, not unscrupulous, aggressive both in terms of attracting business that we have or diverting it - there is nothing wrong with that - or, attracting the business that we do not want and therefore essentially contaminating the profile that a country like ours 90 miles away has because Barbados, as good as its profile is in Canada, does not necessarily share the same profile everywhere else in the world where people cannot make the distinction between Kingstown, Bridgetown, Port-of-Spain, Georgetown or Barbuda or wherever. So understand that and let us be frank, come here in the New Year, I beg you, prepared to say to this Chamber this is the state of the Offshore Sector. If you do not want to do it in the Chamber, let us set up a Select Committee of Parliament, as we did in relation to crime. I am calling on the Honourable Member for St. Peter, just like before we had it in trade, so that if we do not want the matter out in the public domain and bandied about, that we can internally and for the benefit of Parliament have a very frank assessment about the direction of this sector. I think it is vital and all the gobbledegook and the PR are not going to change me from my view that we are right now heading in the wrong direction and unless we are very careful, we will continue to spout the PR but the reality on the ground in Barbados, will be a lot different from what the Minister is talking about in this debate.

Hon. D. A. C. SIMMONS: Mr. Speaker, there was a time when the strictures leveled against the Immigration Department would have been true. I believe, earlier this year, in the presence of the then Chief Immigration Officer, the Leader of the Opposition made similar comments to those he made this evening.

I would like to say, however, that since September this year, there has been a marked improvement in the quality of service being delivered by the Immigration Department. I am choosing my words very carefully. I no longer have the day-to-day responsibility for Immigration but I checked with the Parliamentary Secretary before I got on my feet, Sir, and I know that if we were having any real difficulties in Immigration the Offshore Sector would be finding me. They were finding me before September. Ernst and Young, Ms. Jackson, Mr. Tibbits at Price Waterhouse Coopers, all called me when they had problems. None of them have called me since September since there has been a change.

In addition to that, there were some attitudes among the staff at the Immigration Department which conduced to the

inefficiencies in the department; those attitudes have also changed since September. I will speak to the Honourable Member privately, Sir, and I do not want to smear anybody, but those attitudes have also changed.

On the change of Chief Immigration Officer, one Immigration Officer, not the chief, was found to have had over 100 files untouched in a desk. All of that has been cleaned up. In addition to that, last week we were able to fulfill a dream that we wanted for the last few years, that is to use the space downstairs of the Immigration Department. We were able to remove some of the staff from the congestion of upstairs, downstairs. They now have more elbow room and generally, I believe that if the Honourable Member speaks to any of the staff of the Immigration Department, he would be told now that there has been a change.

In addition, I expect that this new attitude and new approach to things in Immigration will continue in the New Year. We do have staff shortages. These were addressed in a meeting with the Prime Minister some months ago, Sir, but at the time we did not know what the impact of the wage settlement would have been on the Government's finances, the decision was taken to hold any new posts until after the wage agreements. But it was recognised in that meeting with the Prime Minister that some staff was necessary:

- (a) To promote more civilianization of the Department; and
- (b) To strengthen the enforcement section of the Immigration Department.

Let me briefly explain, Sir, I said civilianization. We have more civilians doing what jobs are presently done by Immigration Officers. We have Immigration Officers who are performing jobs as: clerical officers, typists and so on and that is a waste of manpower. We could do with ordinary clerical officers and secretarial staff, rather than using Immigration Officers to do that work. If we released those persons, they can work on the immigrant status, the work permits and wherever else and improve the quantity and quality of Officers working on purely immigration matters.

In enforcement, we are short staffed, Sir, and the promise was to give us six additional enforcement officers who have to follow up a number of matters of illegal aliens and so on. I expect those will come in the New Year.

The House must always remember, Sir, that in the Budgetary Presentation this year, the Prime Minister mentioned deliberately and I think this goes back to a position that he and I held when we were in Opposition

which we shared in a meeting with the unions in 1994, I remember it well. 5.20 p.m.

There are certain key departments of Government which impact on Barbados' competitiveness and investment climate which need to be beefed up in order to have good quality staff at the top. In that regard, the Immigration Department, Supervisor of Insurance and the Customs Department were singled out. In this year's Budget, the Prime Minister mentioned that he was setting up a commission on competitiveness to deal with some of the problems in those departments. I have no doubt that when the Commission comes to look at the Immigration Department, they will appreciate that we are understaffed and this affects output. However, there are one or two other things that at the moment nothing can be done about them unless we also get a commensurate increase in Police.

One of the reasons why there is a delay in approval of various forms of status is that security checks have to be carried out and these are done by the Police. It is not a secret to say that it is done by the Special Branch which is a very small department. Therefore, when you are inundated with applications, most of the times the bottleneck is in the Police Department and we are looking at that.

There is another thing that the new Chief Immigration Officer is very concerned about. I have discussed it with him and he has accepted the suggestion which I made to them and this would be implemented in the new year. I would approve a status today, Honourable Members would call me or a Lawyer would call and say they had a file and a person apply for a year now and they have not heard anything. I will then let them know that I have approved it. Let us say for instance that I approved it today. One of the reasons that they will not be notified until probably five to six weeks later is because they have had a system from day one, where they have to write up one and a half pages and somebody has to type the same kind of letter on the same amount of pages saying that the Minister has approved a particular form of status and if you do not pay within 28 days it is taken that you are not interested. That amounts to one and a half pages and somebody has to do that. Surely, all we need to do is to have prepared forms saying the Minister has approved the status for you as follows, delete which one does not apply and tick off; please pay the fee of \$300 or \$500, whatever it is, within 28 days. That is all that is needed to be done.

Asides.

Hon. D. A. C. SIMMONS: Everything must be the paper trail and I am saying that there is no need for a formal letter of a page and a half to write. You can use a form and tick off which does not apply and send it out. That is what

we will be doing in the new year. I wish to give Honourable Members the assurance that we have been aware for a long time of the criticisms and we are on the road to change and creating greater efficiency in that department.

Hon. R. R. FARLEY: Mr. Speaker, the Honourable Member for St. John raised a general concern which he had concerning the International Business Financial Services sector. I just want to point out for his information that we do keep in very close contact with the professionals as well as the investors in the sector, and we have also heard a number of complaints but that we have already taken steps to correct a number of them. For example, we have just received the work of a consultant who had been brought in to take an honest view of our procedures in terms of registration of the various entities which are subject to licence such as IBC's etc. and the renewal process and to give us a set of procedures which can be followed by anyone in order to ensure that there are no delays in the processing of applications and registrations so that we should have a much faster turnaround time. Those procedures would be implemented and in fact part of the restructuring that we are proposing for the Ministry would take into account the staffing and other resource changes such as additions or deletions that might be required in order to give effect to those.

Additionally, the other major project which we are in the final stages of implementation is the project with the long name of creating an enhanced environment for private sector investment in which the Ministry will administer an information technology network linking fifteen ministries and departments. Those departments will include the Immigration Department, Town and Country Planning, the Ministry of Finance and all the other major points of decision making which are important in bringing an investment idea from concept to reality. That of course will function under the broad heading of the National Commission on Competitiveness.

We in the Ministry of Industry and International Business recognized the efficiency of the delivery of public services as a major component of competitiveness in this very complex business in which we are embarked. I must say though, that sometimes the Ministry and some of the departments of Government fall victims to being the easy point of blame for delays. We do have situations in which clients over the last several years have forwarded to their professional advisor and service provider their renewal including the cheque to pay for the renewal and when we wrote to the client indicating that we had not received any proposals for renewal of the licence then it was revealed that in fact the money had been paid to the service provider who had the requisite forms on the desk in the office and had not filed the documents.

There was another case in which it was considered that the Government had been inefficient in the provision of its

services but we were not asked to perform the required services. Hence, I just want to let this Parliament know that we are very much aware of the concerns which exist among the professionals and the investors in the sector. The two initiatives which I have given brief mention of are among those measures of concern and steps are being taken to give real effect to rapid improvements.

Mr. Speaker, I beg to move that this Bill be read a second time.

Hon. R. N. GREENIDGE: I beg to second that.

On the motion of Hon. R. R. FARLEY, seconded by Hon. D. A. C. SIMMONS, the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 7-2 were called and passed. The

Schedule was called and passed.

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

On separate motions of Hon. R. R. FARLEY, the Bill was read a third time, passed and cited as the Insurance (Miscellaneous Provisions) Act, 1999. 5.30 p.m.

ORDER NO. 1 - THE INCOME TAX (AMENDMENT) BILL, 19.99

Rt. Hon. O. S. ARTHUR: Mr. Speaker, this is not intended to introduce any new policy. In my 1998 Budgetary Proposals, I introduced a number of measures that were enacted in the Income Tax (Amendment) (No. 4) Act, 1998. I was not here, Sir, but the House will remember that might have been one of the last pieces of legislation that was enacted before the Christmas of 1998.

The fact, however, is no commencement dates were given in the legislation to give effect to those various measures. Many of them are important now, the reverse tax credit and the like. This is to tidy up the matter to make sure that a commencement date is given to those measures. There are no new policies.

I beg to move that this Bill be read a second time.

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. SPEAKER left the Chair and the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This Honourable House is in Committee.

Clauses 1-5, inclusive, were 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 SPEAKER the passing of the Bill in Committee and Mr. 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, passed and cited as the Income Tax (Amendment) Act, 1999.

ORDER NO. 6 - TO MOVE THAT THE HOUSE RESOLVE ITSELF INTO COMMITTEE OF SUPPLY TO CONSIDER THE GRANT OF SUMS OF MONEY FOR THE SERVICE OF BARBADOS

On the motion of Hon. D. A. C. SIMMONS, seconded by Rt. Hon. O. S. ARTHUR, Mr. SPEAKER left the Chair and the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: This Honourable House is in Committee.

HEAD 30 - ATTORNEY GENERAL- \$152907

Hon. D. A. C. SIMMONS: Mr. Chairman, in two previous sittings of this House, I explained that the Government was committed to the establishment of a special anti-crime unit focusing on reduction in the proliferation of illegal firearms in Barbados and that we were going to support that unit with the necessary equipment. Honourable Members would not expect me to give the details of the equipment. That is of a security nature, Sir.

The additional vehicles are needed for the Police Force but we are bringing in the new year a special package by Resolution, such as we have done for the Transport Board,

to re-equip the Police Force. This is for other necessary equipment to deal with the gun activity.

With those few words, Sir, since I have spoken about this matter before, I beg to move that Head 30 in the sum of \$152 907 stand part.

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

Mr. D. St. E. KELLMAN: Mr. Chairman, I would also like to support this Resolution. I would have hoped that the other matters would have been discussed under the Police. I want to say this evening that I am extremely happy, in light of what has happened over the last few weeks, that there were no police involved even though the largess was used to try to get certain people to do certain things that were not legal. I am happy to see that our Police Force, even though they are underpaid, that they stood up to the temptation and did their job.

We on this Side want to congratulate the police for the good work they are doing. We are happy to see, as I said before, that they did not allow people to persuade them from their professional stand on certain matters, and that they did everything in their power to make sure that all those who were guilty of certain matters as far as they had seen, they did what they had to do and it is now up to the other people to do what they have to do. I want to congratulate the Police Force once more for the wonderful job they are doing in this country. 5.40p.m.

Hon. D. A. C. SIMMONS: Mr. Chairman, I thank the Honourable Member for his congratulations of the police. I am not going to comment on that matter because it is *sub judice* but I did indicate on Saturday that I have advised the Ministry of Foreign Affairs that one of the first things they have to do next year is to sign the OAS Convention against Corruption as well as the OAS Convention on the Proliferation of Firearms that was done in November 1997.

We will address the matter of corruption among public officials next year, Sir.

Subject to those observations, I beg to move that this Head stand part.

Hon. R. N. GREENIDGE: I beg to second that.

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

HEAD 33 - MINISTRY OF LABOUR, SPORTS AND PUBLIC SECTOR REFORM

Hon. R. N. GREENIDGE: Mr. Chairman, of this sum of \$78,414 some \$60 000 is really an increase in the

annual subvention for the NUPW where they formally received from Government \$40 000. We had made a commitment to them that we would have given them an extra \$60 000 in order to enable them to carry out some of the programmes which they have been struggling with over the years. In particular, Sir, the NUPW is struggling with its work in education programmes and when I spoke to them recently they actually said that they wanted to emphasise worker education and that the lack of funds had been hampering them from so doing for quite a while.

They have done, Sir, the normal shop steward training. They have also done a lot of computer training and so on but they have other things which they would want to do and these funds I am sure will enable them to get some of those programmes off the ground. In particular, I know that they are thinking about things like training for Government security guards. A lot of cases apparently are being lost by security guards generally who do not know exactly what powers of arrest they have and when to arrest. There are also things like how to write the reports as well as how to give evidence in court and so on.

I know that the union is concerned about it and that they firmly believe that they should have training programmes and that no person should be employed as a Government security guard unless he actually goes through these programmes and actually passes.

The other thing is that I know they also want to do some programmes in languages. They are preparing themselves for the whole question of the movement of Caribbean nationals through the Caribbean and they also want to do some training in hotels where languages are concerned because if our Barbadian people have to go overseas to work in hotels, the NUPW is of the view that they must be competent in languages if they are to do a good enough job. So they said that more than 75% of this supplementary concerns the increase in the annual subvention for the NUPW.

With those words, Mr. Chairman, I beg to move that this Head do now pass.

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

Mr. D. St. E. KELLMAN: Mr. Chairman, I also would like to support this subvention to the NUPW but the problem is the timing of this particular matter. The only union to sign with Government is now getting \$60 000 in subvention. It looks funny, Sir. Considering that the NUPW have been asking for this money ever since and when they sign the agreement with Government, which the others did not, the Government hands them a subvention in a supplementary a month after signing the agreement. It looks as if they had been caught in the politics of inclusion.

I cannot understand this. Sixty thousand dollars for signing the agreement!

Hon. R. N. GREENIDGE: Mr. Chairman, let me say that this increase in the subvention to the NUPW has absolutely nothing to do with their signing any agreement with Government. This is a commitment that has been made. Indeed, I would have thought that it would have been just the opposite. In other words, because we had delayed so long in giving it that they would have been hostile and they would not have signed the agreement.

With those words, Sir, I beg that Head 33 be passed.

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

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. N. GREENIDGE, Mr. CHAIRMAN reported the passing of one Money Resolution in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS seconded by Hon. R. N. GREENIDGE, the Resolution was read a first and second time and passed.

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, that brings us to the close of Government's Business for today and for this year.

Speaking on the Motion for the Adjournment, I well recall this time last year, I must confess, Sir, that the Honourable Member for St. John caused me not to tell him the exact truth on the Floor of Parliament, the equivalent time last year. He did say to me that we were not coming back after that Adjournment. I denied that that was the fact and I apologise to him because I told him, "No, we are coming back early in January." Of course we did not come back until February. An event intervened which led to the configuration of this House. I can however, Sir, give him and the House the assurance that we will be back on January 18th, in the year 2000.

I would wish to take this opportunity on behalf of the Government to thank Your Honour for the conduct of our business this year. I believe it is true to say that we have gone through our business with despatch and without much rancour. That is a testimony to the way in which you have managed the business of the House, Sir. Indeed, I associate the Honourable Member for Christ Church East Central with those remarks because he has also performed admirably as Chairman of Committees.

I have to thank the staff of Parliament and in doing so welcome the new gentlemen at the Clerks' Table, Sir, who

have learnt very quickly and from my vantage point have given very efficient service, and long may it continue. I congratulate all of the Clerks but especially I wish to offer Government's appreciation for the work done by the two new members of staff. We also have to remember the shorthand writers, those who record these debates faithfully for future use. I thank the shorthand writers and all the ancillary staff of Parliament who have made our time here this year very pleasant indeed. 5.50p.m.

None of this would have been possible, we would not have got through the people's business with the kind of despatch that we have, were it not for the co-operation of Members on both Sides. As Leader of the House, Sir, I am very pleased, happy and satisfied with the support given to me as Leader to ensure that business has been conducted smoothly. I have tried to let Members know well in advance what the business was and how we proposed to deal with it. Generally, we have got through business at a good hour, Sir. It has not been often that we have had to have dinner.

Mr. Speaker, this evening will mark the final Sitting of the Honourable the House of Assembly for 1999 and this century. Barbados has come a long way in its parliamentary democracy in the last hundred years. I believe that it is a tribute to the quality of persons who have represented the people of Barbados in that century. I am not going to go into a long speech at this stage but as we go into a new century, I would like to counsel Honourable Members to remember, that what we say and do in here is recorded for posterity and we have a duty to be serious minded about our work, and to make sure that we put the people's interest first.

Sir, in the beginning of the new century, I can foresee a certain amount of new legislation coming. We will begin 'to bring the Labour legislation early in the new year. The Unfair Dismissal legislation is ready. The Trade Union Recognition legislation is ready. We are not far from completing the work on the Occupational Safety and Health, that is a massive thick Bill, and the Minimum Wage legislation is almost ready. There is also a Bill on Architects in the Ministry of Public Works and Transport. The Seat Belt legislation is being drafted and there will be an Immigration Green Paper brought in the first part of next year. There will also be a Green Paper on persons suffering from disabilities. That paper is already passed Cabinet. Certain legislation is being prepared also in the Ministry of Environment and at least three new pieces will be ready by February. The Tenancies Freehold Purchase Act will be amended. Cabinet will be seeing the Policy Paper if not this Thursday, then the next Thursday. We just need a slight change in policy so we ^o back to Cabinet to redraft. That is being done to *iase of house spots where the Government ibute approximately \$2.50 to the purchase

price to allow the purchase of spots in tenancies in urban Barbados. Those are some of the matters that will be before the House.

Mr. Speaker, on behalf of all of us, I wish every Honourable Member and his or her respective family a very Merry Christmas and a Prosperous New Year. We look forward to returning energized for the new century.

However, Sir, before I sit, I have to draw to the House's attention that there has appeared in the British Airways In-Flight Magazine "High Life" for November, a comment, which we on this Side say is a falsehood, written by one Peter Morgan in which he says and I quote:

"There is this virulent, anti-British sentiment expressed by Government Members in both Houses of Parliament and in some sections of the Press..."

Mr. Speaker, I have to speak for myself and my colleagues on this Side. I am not aware of any virulent anti-British sentiment expressed by any Member on this Side at anytime. I am not making any comment about the potential of damage that can be done by this comment in the British High Life Magazine. On the next Sitting, I will make the November's edition of High Life a document of this House. This is an infraction of the privileges of Honourable Members of this House. That is my view, Sir.

Asides.

Hon. D. A. C. SIMMONS: He does not know what is right from wrong. He went and 'lick-up' the sign up by Government House.

Sir, I cannot make any further comment on it but I am asking Your Honour for two things:

- (a) to rule that this matter be referred to the Committee of Privileges.
- (b) to ensure that the Committee of Privileges has an early meeting on this matter and make a determination.

Sir, in the meantime, the second Resolution that I move is that this House be adjourned until January 18, 2000 at 11.00a.m. 6.00 p.m.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, speaking on the adjournment, I should like to join with the Honourable Member for St. Thomas in expressing our gratitude to the Members of Staff of Parliament under your direction, Sir, the

media, security and those who provide refreshment for us for the hard work that they would have done since January to afford us the opportunity to conduct our business in this Chamber in comfort.

I would like to join, since we have not done so formerly with the Leader of the House, in congratulating the two persons who were selected as Clerk and Deputy Clerk on their appointments. I hope that they would strive to maintain the very high standards which were set by the predecessor Clerks of Parliament. I wish the Clerk and Deputy Clerk the very best in carrying out those duties and hope that when they come to remit office they would be held in the high regard in which the previous Clerk is held within the Commonwealth.

Mr. Speaker, Sir, after the substantive arrangements, I think I should comment that of all the Committees of Parliament, including the Public Accounts Committee, the Management Commission, under your direction has done more work in the past year than any other Committee and has done an excellent job in undertaking its responsibilities in terms of staffing and other arrangements for Parliamentarians. We have a lot of matters still left on the agenda and I hope very sincerely that we could deal with those matters in the New Year.

As to the other concerns I hope that the Government, since it intends to bring this new legislation in the New Year, and since one of its pledges in the Manifesto was to make copies of all legislation available to the Opposition before it is actually put down on the agenda for debate, would in fact make some of that new legislation available.

Asides.

Mr. D. J. H. THOMPSON: I have not seen any since the Parliament changed. No copies of draft legislation have been sent to us in advance and we will be very happy to see it. I believe, Sir, that in the New Year, we should commit ourselves to amending the standing orders so that we can have the standing committees which, for a long time have been recommended in place, particularly the ones on trade, also to formalise the one on crime and the other Committees. I think it is very important that this be placed on the agenda. The reason why I say that is because we are able to leave here early largely because the contribution of back bench Members has not been as virulent and the front bench too, as they used to be. One gets the impression that the open debate is obviously not providing a lot of challenges for Members, either its format is boring - I do not know what it is. Certainly, the establishment of standing committees would be very helpful. But besides, the Opposition should not be an issue because when there were three Members in 1986, Members on the back bench engaged in serious debate. Perhaps it is the quality of the Members on the Government's Side...

Asides.

Mr. D. J. H. THOMPSON: I do not get into those kinds of debates because, Mr. Speaker, Sir, whether or not you are the Government or Opposition, you will have your critics and we have a job to do on this Side and there is nobody on that Side or outside who will dictate. As long as we ensure that as Parliamentarians, we make it clear to those who are interested in entering this Parliament that it is something to look up to and that not being in here, does not mean that you are to be accorded privileges as if you were in here, then we would not have a problem.

As soon as we lower our standards to the extent that we make people believe that there is no honour or achievement in being a Member of Parliament and that you must accord a status to people who are not Members of Parliament which is greater than those who are, then you will begin to have problems. I believe that on the Other Side, all attempts should be made to facilitate the voice of back benchers.

I congratulate the Honourable Member of St. Michael South Central for bringing the first Private Members Resolution and I think more should be brought to provide us with opportunities to debate issues.

I also hope, Mr. Speaker, Sir, that the long list of parliamentary questions will be answered very early in the New Year; that we will be able to commence in a very serious way the broadcast of debates from this Chamber which I know is dear to your heart, and that we will be able to have research officers appointed for the two parliamentary groups. All of these are reforms, which to my mind would conduce to improving the quality, the standard of debate and the interest of Members in participating actively in the proceedings of this House.

All that is left for me to do, Sir, is to wish the Clerks, the staff, the Members of the media, the security, the Royal Barbados Police Force and those -who provide the refreshments for us, my very best wishes for the season and those of my colleagues. I hope that when we meet here in the new millennium, we would do so with a sense of purpose and mission to ensure that the people's work is done.

Therefore, I wish you, Sir, in particular, all the very best for the Season.

Mr. SPEAKER: First of all in reply to the Honourable Member for St. Thomas, it seems clear that there has been a breach of privilege and the motion so raised, will be referred to the Committee of Privileges. When we meet at the earliest opportunity, we hope to convene a meeting of the Committee of Privileges to examine the matter.

It is left for me, as Chairman of the Management Commission, on behalf of myself, the Clerk, the Deputy Clerks, all the members of staff of Parliament, on our

behalf to wish all Members of Parliament a happy Christmas and a happy and prosperous New Year.

I must also thank all Members of Parliament for being so cooperative, especially the Leader of the House and the Leader of the Opposition who has cooperated and communicated well and it has shown in the debates of the House what the little cooperation and communication can do. I thank both of them most sincerely for helping us to have a House that has gone very smoothly. I hope in the New Year that we will continue to have the cut and thrust of debate, but still having everything going smoothly.

On behalf of all Members of Staff then, I wish all Members of Parliament and also the Press a very happy and prosperous Christmas and a happy and prosperous New Year.

The question that this Honourable House be now adjourned until Tuesday, January 18, 2000 at 11.00 o'clock in the morning was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 6.10p.m.

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