

1 THE ANGUILLA HOUSE OF ASSEMBLY
2 TRANSCRIPT OF PROCEEDINGS OF
3 THE PUBLIC ACCOUNTS COMMITTEE INQUIRY INTO
4 ARREARS IN REVENUE AND THE IDENTIFICATION AND
5 COLLECTION OF AMOUNTS DUE FROM TAXES AND DUTIES
6 HELD ON TUESDAY 22ND MARCH, 2017 AT 9:35 A.M.
7 AT THE ATLIN NORALDO HARRIGAN, OBE,
8 PARLIAMENTARY BUILDING
9 THE VALLEY, ANGUILLA.

6
7 Presiding

8 Opposition Leader and Chairman of the Public Accounts
9 Committee, Hon. Palmavon Webster

9
10 Members Present

11 Hon Evalie Bradley, Member for Road North
12 Hon Terry Harrigan, First Nominated Member
13 Hon Paul Harrigan, Second Nominated Member

13
14 Witnesses

15 Dr. Aidan Harrigan, PS Finance
16 Mrs. Patricia McDonna, Accountant General
17 Mr. Travis Carty, Comptroller of Customs
18 Mr. Kiel Connor (via Skype), Comptroller of IRD
19 Mr. Vonlee Harris, Deputy Accountant General
20 Mr. Giovanni Francisca, Deputy Comptroller of Customs

17
18 In attendance

19 Clerk of Public Accounts Committee, Mr. Lenox Proctor
20 Court Reporter, Miss Heather R. Rodney
21 Ms. Fiona Wilkinson

22
23 Court Reporting Unit
24 Government of Anguilla
25 The Valley, Anguilla
B.W.I.

25 DONE BY: HEATHER R. RODNEY, CERTIFIED COURT REPORTER

P-R-O-C-E-E-D-I-N-G-S

(Meeting commenced at 9:35 a.m.)

MS. WEBSTER: Good morning.

MR. P. HARRIGAN: Good morning.

(All others said good morning.)

MS. WEBSTER: I want to say good morning to you once more. We are going to be addressing each of you in the context of this inquiry. And as we know, this is in regards to the Chief Auditor's report, the latest of which we got, 2013. This is a public hearing. You know, it's not only going to be heard live on Radio Anguilla, it's also going to be streamed live so this is a very important hearing. What I'm going to do to start with so don't feel any unease, is I'm going to introduce myself. I want you to be very, very comfortable. I am the Chair of the Public Accounts Committee as you know and my name is Pam Webster and I will let the other members introduce themselves to you. And when you answer, I want you to turn the mikes on so that the members of the public will hear you.

Terry.

MR. T. HARRIGAN: Good morning, my name is Terry Harrigan, First Nominated Member.

MRS. BRADLEY: I am Evalie Bradley,

1 Ministerial Assistant in the Ministry of Home Affairs
2 and also the representative of Road North and member of
3 PAC. I'm happy to be here today as we all seek to
4 strengthen the financial administration of government.

5 MR. P. HARRIGAN: Good morning. My
6 name is Paul Harrigan, Second Nominated Member of the
7 House of Assembly and also a member of PAC and I look
8 forward to interviewing you guys today. Thank you.

9 MS. WEBSTER: And for the benefit
10 of our listeners and also just to put into context the
11 inquiry that's occurring here and what the objectives
12 are, I'm going to just restate that the Public Accounts
13 Committee of the House of Assembly is crucial to
14 ensuring appropriate scrutiny of the way in which
15 Anguilla's public finances are managed and conserved.
16 And I'm privileged to be its Chair as you've heard and
17 I am very fortunate in having very able colleagues but
18 also able colleagues and they've introduced themselves
19 to you, but also a very supportive staff at the House
20 of Assembly.

21 Now the present committee was established
22 at the Fourth Meeting of the First Session of the
23 Eleventh Anguilla House of Assembly and that was on
24 Tuesday 22nd September, 2015. And that establishment
25 was in accordance with section 66(a) of the Legislative

1 Assembly Procedure Rules.

2 And you'll remember, for the public again,
3 that in the past we've never had prior to 2015 and this
4 committee, we've never had a really fully functioning
5 Public Accounts Committee and so that marks an
6 improvement, I think, of the eleventh session of the
7 house. And I want to thank everybody for their support
8 in ensuring that the committee is able to undertake
9 some of its work.

10 Now in our constitution, and it is in the
11 tradition of our parliamentary model, we envisage the
12 use of PAC to investigate, to advise and to consider
13 complicated issues. So this is a serious undertaking
14 and it's also with the witnesses, it's an opportunity
15 for the public as well to fully understand, you know,
16 your complex responsibilities and, you know, the
17 matters that go to effective performance in your roles.

18 Now this particular inquiry, it's as we've
19 said on the radio previously and publicly, it's an
20 inquiry into the arrears of revenue and also the
21 identification and collection of amounts due from taxes
22 and duties. And the background is that the Financial
23 Administration and Audit Act, together with the
24 financial instruction that some of you will be familiar
25 with, the witnesses particularly, clearly establish

1 responsibility for the collection of revenue and
2 arrears of revenues. And the various Acts or various
3 laws for the collection of taxes provide more
4 specifically as regards the collection of these taxes
5 and include, and the public will be, you know,
6 listening to recognise that one of the laws, the
7 Property Tax Act, the Interim Stabilisation Levy Act,
8 the Inland Revenue Department Act, the Accommodation
9 Tax Act are all examples of these laws that we're going
10 to be looking at today.

11 Now the background to this particular
12 inquiry is that at the 31st of December, 2013, the
13 Government of Anguilla was owed EC\$31.7 million and
14 this figure was up from \$22 million at the end of 2012.
15 The figures were extracted from note 19 of the report
16 of the Chief Auditor on the 2013 accounts of the
17 Government of Anguilla.

18 Now paragraphs 33 to 38 and 53 to 64 of the
19 2013 report, and I'm just confirming that the witnesses
20 have been provided with, that you have these, the
21 report, in front of you.

22 (Witnesses responded "yes".)

23 MS. WEBSTER: Well done. Thank you
24 very much. Now those paragraphs of the report and
25 previous reports as well have highlighted the situation

1 as it regards arrears in revenue and more specifically
2 the identification and collection of amounts due from
3 taxes and duties.

4 Now the report recommends the action that
5 the Government of Anguilla needs to take to remedy the
6 situation. Now in the section of the Chief Auditor's
7 report headed "Financial Health and Outlook", the Chief
8 Auditor notes in paragraph, that's at 74, paragraph 74
9 and I quote from that report: *"Effective collection of*
10 *revenue due to the Government, in particular revenue*
11 *arising from taxes and duties, will be critical in*
12 *ensuring that the Government can meet its obligations,*
13 *these obligations."*

14 The obligations referred in paragraph 74
15 are detailed in paragraph 73 and include funding the
16 resolution of the banking crisis, pension liabilities,
17 the payment of unrecognised creditors.

18 Paragraph 76 within the same section notes
19 that arrears in revenue have increased significantly
20 over the years starting with 12 million in 2010, rising
21 to 19 million in 2011, then 22.3 million in 2012, 31.7
22 million in 2013 and nearly 40 million; 39.9 million in
23 2014. This is the current context. And we will ask
24 you questions of course relating to the current context
25 as well. All right? Now even though those periods

1 have been unaudited and we don't have the benefit of
2 the Chief Auditor's report, well subsequent years yet.

3 Now the Accountant General's report and the
4 accounts of the consolidated fund 2013, the report is
5 included in the Chief Auditor's report and has been
6 laid referred to the house. In the section the FY 2013
7 Fiscal Review notes that there was a deficit of EC\$11.3
8 million in 2012 and of \$7.4 million in 2013.

9 Additionally, the Government of Anguilla's Fiscal
10 Outturn Summary for 2016 indicates that 58,129,810
11 shortfall in total projected revenue for the period.

12 So just to remind our listeners and our
13 witnesses of the specifics objectives of this inquiry,
14 we want to (1) underscore the responsibility of various
15 offices for the collection of arrears and amounts due
16 in taxes.

17 We also want to ascertain the amount of
18 arrears owed to the Government of Anguilla.

19 We want to gain an understanding of the
20 systems, the processes used to determine the amount due
21 in taxes to the Government of Anguilla and we want to
22 identify any gaps.

23 We also want to ascertain what progress, if
24 any, has been made by your various departments and
25 offices to fairly state and collect amounts due to the

1 Government of Anguilla. We particularly want to know
2 what has been happening since the last report and now.

3 And we want to make recommendations of
4 course towards improving the existing situation.

5 And finally, we want to examine any other
6 related matters.

7 We're going to ask in the introduction for
8 you to state your name and your offices so that, and
9 the key functions of your post, so that our listeners
10 can identify, you know, the chronology of the questions
11 and how they are occurring. So I want to invite each
12 of you if you would start and I'm going to start with
13 the gentleman at the far end. Please tell the
14 committee your name. And I'm going to ask your
15 colleagues as well to do the same; to answer. State
16 your name.

17 DR. HARRIGAN: Good morning.
18 Thanks, Madam Chair. My name is Aidan Harrigan. I'm
19 the Permanent Secretary, Finance. And one of any
20 primary responsibilities is to ensure that on an annual
21 basis the government formulates its plan, which we know
22 as the budget, for delivering the services that it does
23 in terms of education, policing and so on and that it
24 is resourced. And as the PS Finance I have
25 responsibility for a number of departments. This

1 morning some of those are represented here in terms of
2 Customs Department, the Treasury Department and Inland
3 Revenue. So I will leave it at that for now. Thank
4 you.

5 MS. WEBSTER: Thank you very much.
6 Our next witness, yes.

7 MR. CARTY: Good morning, Madam
8 Chair. Thanks. My name is Travis Carty. I am the
9 Comptroller of Customs. My primary responsibilities
10 are to enhance the facilitation of trade and maximise
11 the collection of revenue and protection of society by
12 imposing the Customs laws and follow the laws of
13 Anguilla. We also look at different things in terms of
14 trade facilitation throughout Anguilla. That's some of
15 the key functions of Customs Department for which I am
16 responsible.

17 MS. WEBSTER: Thank you very much.

18 MRS. MCDONNA: Good morning. My
19 name is Patricia MacDonna and I'm the Accountant
20 General. As the Accountant General I'm the one who
21 manages the administrative operations and
22 administration of the Treasury Department as required
23 by the Finance Administration and Audit Act, 2010. It
24 is also my responsibility to oversee the collection of
25 revenue in our collecting revenue departments and

1 ministries and to ensure that it is collected in a
2 timely manner and brought to account promptly. I'm
3 also required to give a timely report such as the
4 report of the Accountant General of the Government of
5 Anguilla.

6 MS. WEBSTER: Thank you very much.

7 MR. CONNOR: Good morning. My
8 name is Kiel Connor, Comptroller of the Inland Revenue
9 Department of the Government of Anguilla. Can you all
10 hear me?

11 MS. WEBSTER: Yes, we can hear you.
12 And I am looking for a signal from our -- that it's
13 streaming properly. I think we can hear you very well.

14 And just for our public hearing, this
15 particular witness and he is going to introduce himself
16 in a minute, we are actually integrating his attendance
17 via Skype. So we are fully utilising, you know, the
18 technology available to us as this witness is abroad at
19 the moment. So yes, witness, if you would state your
20 name and go ahead. Thank you.

21 MR. CONNOR: Okay. Thanks. No
22 problem. Yes. My name is Kiel Connor, Comptroller of
23 Inland Revenue Department and I'm responsible to ensure
24 that taxation is administered in a fair and equitable
25 manner. I'm also responsible to ensure that the

1 administrative operations in the IRD are carried out
2 effectively. I'm also responsible to ensure that taxes
3 are remitted in a timely manner. As comptroller, I'm
4 also responsible to ensure -- sorry, to make
5 recommendations to amend legislations by which we are
6 guided by, including the IRD Act, Limitation Act and
7 Tourism Levy and Public Tax Act, and also to establish
8 and ensure internal controls are consistent with the
9 requirements of the Acts by which we are guided by.
10 And lastly, I work closely with the ministry to provide
11 technical advice and guidance and recommendations to
12 Executive Council with regards to implementing IRD
13 functions, policies and regulations.

14 MS. WEBSTER: Listening to all the
15 witnesses we can tell really in all your departments
16 it's a really tall order to do a lot. And before I
17 even go into the inquiry I just want to say again how
18 grateful we are that you are here and I know that the
19 public really appreciates it so thanks.

20 And now just to zero into the inquiry, I'm
21 going to ask each of you again, this time starting with
22 Mr. Connor, I'm going to ask in the context of this
23 inquiry, can you say what your specific duties as it
24 relates to the collection of arrears of revenue? If
25 you could be specific in that regard and also in the

1 process for identification and collection of amounts
2 due.

3 MR. CONNOR: Sorry, can you repeat
4 that, please? Sorry.

5 MS. WEBSTER: You've shared that
6 you generally, but I'm going to ask you more
7 particularly, and doesn't matter if you've already said
8 it before, you can restate it. I'm saying specific to
9 this inquiry, what are your specific duties as it
10 regards the collection of arrears of revenue (1); and
11 in the process for identification and collection of
12 those amounts? So what are your specific duties?

13 MR. CONNOR: Okay. With regards
14 to my specific duties, as I mentioned earlier, is to
15 ensure that taxes are remitted in a timely manner. Now
16 with regards now to the how we get it done, we, for
17 persons who are compliant we establish payment plans.
18 And for persons, you know, who are not compliant our
19 intention is to take it further with regards to legal
20 action.

21 Now with regards to legal action, that is
22 not something that we would want so that be our first
23 choice. And what we do is we issue non compliant
24 individuals and entities a initial warning and after
25 the initial warning and if they don't comply then we

1 send them a second warning. After the second warning
2 then we send them a certificate of amount owed which
3 will be accompanied by a liability order.

4 MS. WEBSTER: Alright. Thank you
5 very much. Do you want me to repeat the question?
6 It's a question for all the witnesses. Do you need me
7 to repeat it? Your specific duties in regards to
8 collection of arrears of revenue. And then the second
9 head of the question: As in the collection and
10 identification.

11 MRS. MCDONNA: So the Treasury
12 Department is responsible for the collection of the
13 student loans and medical loans. We are owed US total
14 6.4 million and we collect them via - the student
15 loans, they are repaid monthly by the recipients of the
16 loans. And the medical loans, they are collected also
17 where persons come to the treasury and make the
18 collections [sic].

19 MS. WEBSTER: Thank you.

20 MR. CARTY: The Customs
21 Department, we're responsible for collection of duties
22 and taxes owed to the Government of Anguilla; duties on
23 imported goods. We are guided by the Customs Act which
24 instructs us that all goods coming to Anguilla duties
25 must be paid unless otherwise provided for by an

1 exemption or other applicable means as the Act
2 demonstrates.

3 One of the things that we are guided by in
4 section 64 of our Act is the calculation of the duties
5 which speaks to how goods are, the normal rates or the
6 normal prices which goods are calculated in terms of
7 duty.

8 The dynamics with the arrears of the
9 Customs Department is one that's not, let me see how I
10 can put this, it fluctuates. We don't really have
11 arrears because all goods that comes to Anguilla duties
12 are expected to be paid on those goods. But how we get
13 arrears is with regards to the food supply in the trade
14 facilitation in terms of customs bonds, there is a
15 mechanism that we use for the general delivery of goods
16 prior to the payment of duties for certain perishable
17 items so goods could get from the wharf and into the
18 stores. With this mechanism we have an agreement
19 provided for under section 107 of the Customs Act which
20 speaks to the requirement for security. What that
21 means, persons are asked to place a bond with either
22 our commercial banks or a cash bond at the treasury to
23 secure the delivery of their goods prior to the payment
24 of duty. Thereinafter persons are then asked to make
25 payment within 14 days; 7 days to prepare all

1 documentation and 7 days to make payment.

2 So in that regard, our collection
3 mechanism, persons who become delinquent, we expect
4 them to take ownership of the guarantee which means
5 that government puts a hold on the guarantee after some
6 of the duties owed are paid and the rest would become
7 collectable, again, under the provisions of our Act in
8 terms of our recovery of amounts due, which speaks to
9 *"Any amounts due and payable to the Comptroller under*
10 *any enactment may be recovered by him in any court of*
11 *competent jurisdiction."* So the Act instructs us as to
12 how we are to calculate duties and how we are to
13 recover the duties that's owed.

14 MS. WEBSTER: Very well. We're
15 going to come back. You've given us quite a bit of
16 information and we appreciate that. We might have some
17 supplemental questions in relation to that.

18 But just so that we stay in the context,
19 Mr. Harrigan.

20 DR. HARRIGAN: Thanks, Madam Chair.
21 You would have referred earlier to the Finance and
22 Audit Administration Act which is the overarching Act,
23 you know, as it pertains to finances, Government of
24 Anguilla finances and obligations under the law. In
25 that Act responsibility for collection of revenue is

1 delegated to what's referred to as Accounting Officers.
2 So for example I am an Accounting Officer, I mentioned
3 earlier, and there are a number of departments which I
4 am responsible for. And then the Act also allows for
5 further delegation of responsibilities. So you've
6 heard down the line and would have spoken to the
7 Accountant General, she mentioned the areas that she is
8 responsible for; the Comptroller of Customs and Inland
9 Revenue which really has the most responsibility for a
10 number of items which he mentioned earlier like, you
11 know, Interim Stabilisation Levy, Property Tax and so
12 on. So directly I'm not on the frontline so to speak
13 in terms of any responsibility but of course they would
14 liaise with us in terms of the status and we have to,
15 you know, advise government and ExCo and, you know,
16 there is then determination in terms of what actions,
17 if necessary, are required.

18 MS. WEBSTER: Okay. Just so our
19 public, you know, everybody listening can fully
20 understand, you're saying, Mr. Harrigan, that some of
21 those responsibilities are delegated. But would it be
22 fair to say that you are ultimately responsible in
23 relation to this particular function of assuring the
24 identification and collection of revenues by virtue of
25 your post?

1 DR. HARRIGAN: Yes.

2 MS. WEBSTER: Okay. Thank you very
3 much. I'm going to ask, to go forward, I think just to
4 restate, and to you, Mr. Harrigan, just to, the Chief
5 Auditor, in the report, as I said before has, probably
6 you can answer this, you are probably the one that can
7 answer this question for us: The Chief Auditor in the
8 report then has noted at 31st of December 2013, the
9 Government of Anguilla was owed \$31.7 million up from
10 \$22.3 million at the end of 2012. Can you explain this
11 increase in arrears for us?

12 DR. HARRIGAN: Right. It's
13 accounted for across a number of items. But since
14 about 2012, I believe it is, the major increase as
15 regards the arrears actually can be attributed to --
16 Can you hear me?

17 MS. WEBSTER: I think we can hear
18 you but there is a bit of a feedback. I'm just making
19 sure that all the --

20 MR. RICHARDSON: Yes, the mikes are on
21 but you can hardly hear some people.

22 MS. WEBSTER: We need to -- All
23 right. Is your mike on?

24 MR. HARRIGAN: Yes, the green light
25 is on..

1 MS. WEBSTER: Yes, the green light
2 is on. Anybody else's mike?

3 MR. RICHARDSON: You need to come
4 closer.

5 DR. HARRIGAN: Okay. Is that
6 better?

7 MR. RICHARDSON: Yes.

8 DR. HARRIGAN: Right.

9 MS. WEBSTER: Yes.

10 DR. HARRIGAN: So I was saying in
11 the last few years the major item that has actually
12 contributed to the situation has been arrears as
13 regards the Cap Juluca property. And, you know, I
14 think that that is something that actually has been
15 debated here in the house in terms of there was a
16 motion brought to write off a number of arrears. I
17 think it was in the region of EC\$18 million. And so
18 that is, if you want to single out one block in
19 particular, that would be the major contributor. As I
20 said, over the years the arrears tend to be spread
21 across, you know, the whole range of revenue heads.

22 Another area traditionally where there has
23 been non-performance has been in the area of, you know,
24 property, property tax. And then accommodation tax,
25 there tends to be under performance there, arrears;

1 business licences; and then in recent years the ISL,
2 so. So it's not surprising in terms of the breakdown.
3 In terms of specific items, you know, well with the
4 exception of customs duty.

5 Customs duty revenues are the largest
6 source of government revenues, followed by, would be
7 the ISL, would be accommodation tax and then you have,
8 yeah, those are the -- So it's not surprising that then
9 arrears tend to follow those particular items.

10 MS. WEBSTER: Thank you. Thank you
11 for that. Now it's interesting that you referenced the
12 significance of the Cap Juluca amount that was owed
13 that subsequently came to the house. But prior to
14 coming to the house on that motion, prior to coming to
15 the house with that, what efforts, and particularly
16 with reference to monies that were referenced in the
17 2013, what steps were being taken that you know of by
18 you or any of your teammate to collect those monies, to
19 identify and collect them?

20 DR. HARRIGAN: You mean you're
21 referring to the Cap Juluca money?

22 MS. WEBSTER: Yes, the one you
23 mentioned.

24 DR. HARRIGAN: Yes. Well the
25 situation as regards Cap Juluca, basically there was a

1 decision by Executive Council and so we follow, we have
2 to follow the policy that was set by government. I
3 mean, I can quickly -- The situation was, with Cap
4 Juluca, from my recollection, is that the government of
5 the, the administration of the day, once the owners of
6 that property or the folks who had won the auction,
7 being not a believer of Anguilla you have to apply for
8 an Alien Land Holding Licence and one of the
9 requirements of the Alien Land Holding Licence or the
10 issuing of an Alien Land Holding Licence is that the
11 government should be satisfied that the investor has
12 the means to perform, to say what they -- to do what
13 they said they want to do. And my recollection of that
14 situation is that the government then was not willing
15 to provide an Alien Land Holding Licence until they
16 were satisfied. In the meantime the property continued
17 to operate and, you know, after taking the advice of
18 the Attorney General Executive Council decided not to
19 pursue the owners of the property for those revenues
20 because there was a feeling that if there was a -- if
21 government did that then it would be in a way de facto
22 giving permission or saying that these people had the,
23 well the entity or the owners of the entity had the
24 permission, the correct permission to operate in
25 Anguilla. So as I said, in a nutshell, we would have

1 had to follow government policy then on that point.

2 MS. WEBSTER: Yes, to follow the
3 decision of Executive Council. Now can you tell us
4 whether there are any other resorts or facilities in
5 the same scenario in Anguilla, operating in Anguilla
6 and impacting the -- any arrears that are owed?

7 DR. HARRIGAN: Yes, there are a
8 number of entities but not with that kind of history.
9 And all --

10 MS. WEBSTER: Not that kind of
11 history.

12 DR. HARRIGAN: Yes.

13 MS. WEBSTER: But if you can just
14 tell us, relative to the arrears of revenue that there
15 are other resorts, and not naming them but telling us
16 about the peculiarities.

17 DR. HARRIGAN: Yeah. Well from
18 typically, yes, government has to pursue, you know, as
19 I said earlier, accommodation tax that's paid by, you
20 know, the resorts, you know, ISL, a number of
21 businesses, not just, you know, resorts so that is a
22 typical situation.

23 MS. WEBSTER: So what - it's a
24 typical situation - and what is government doing to
25 collect arrears in that situation?

1 DR. HARRIGAN: Okay. So if we --
2 The Comptroller would have -- Different, different
3 taxes have, well there is the nature to each tax. If
4 we take accommodation tax, for example, that is
5 collected with a lag. So if we are in February, in
6 February we usually get January return so there is a
7 lag there. And you know, resorts have be indicated the
8 way they do business, a lot of the business is done
9 overseas through agents and so on. While a person
10 comes here, apparently sometimes a lot of that is
11 actually done outside of Anguilla so it sometimes takes
12 a while, as I said a lag. What we've done, as the
13 comptroller would have indicated, would be to work with
14 properties to ensure that they get up to speed; we
15 would have worked out various payment plans and so on.
16 One of the innovations in recent years which has been
17 very helpful in reducing arrears and getting folks to
18 comply is what is called a tax clearance certificate
19 which means that government has some leverage then in
20 its hand. A particular business might want to do
21 something and they would not be allowed to undertake
22 what, you know, what they are proposing unless they,
23 you know, unless they come up to par with what they
24 owe. Yeah.

25 MS. WEBSTER: Thank you for that.

1 I believe, Terry, you have a question?

2 MR. T. HARRIGAN: Yes. Mr. Harrigan,
3 can you please tell the committee in your view what
4 impact these outstanding arrears have on the overall
5 management and execution of government services?

6 DR. HARRIGAN: The arrears in
7 general?

8 MR. T. HARRIGAN: In general, yes.

9 DR. HARRIGAN: So the current
10 situation: As of 2016 arrears were in the region of
11 \$35.2 million, let's say \$35.3 million. Now in a
12 perfect world, of course if that money was in hand it,
13 you know, it helps the government, you know,
14 tremendously. The government, every year we operate on
15 the basis of what is called technically zero-based
16 budgeting in terms of revenue. So the budget is passed
17 for a particular year and a target is set to collect
18 revenue but on January 1st government doesn't have any
19 revenues per se but it then, but on the other hand it
20 has expenditures that it has to occur. Government
21 operates or has basically on an operating account and
22 then tied to that account is an overdraft facility.
23 Every year, as you know, the government comes here at
24 the end of September to get it renewed; and then
25 government has reserves. So if government -- if

1 arrears, if the billings that government sends out in a
2 particular year or revenue targets that are set, if
3 there were no arrears then it certainly helps the
4 financial position in terms of cash flow and so on.

5 MR. T. HARRIGAN: Thank you.

6 MS. WEBSTER: Thank you for that.

7 Mrs. Bradley.

8 MRS. BRADLEY: Mrs. MacDonna, just
9 as a follow up, a supplemental to a response that you
10 gave earlier to Ms. Webster's question as it relates to
11 your specific duties as Accountant General relative to
12 the collection of arrears of revenue. I just want to,
13 you mentioned about student loans and medical loans so
14 I just want to find out from you if you could tell the
15 committees, well the general public, what are student
16 loans and medical loans, and under what authority are
17 they given.

18 MRS. MCDONNA: The student loans,
19 they originate at the Public Administration Department.
20 They are grants; they start as grants and scholarships.
21 When student do not return to Anguilla within the
22 stipulated time period then the bond becomes a loan.
23 So they are expected to repay.

24 In the case of the medical loans, those are
25 given out by the Ministry of Social Development and

1 they are responsible for contacting the individuals to
2 remind them of their indebtedness. And they are given
3 in cases of life and death.

4 MRS. BRADLEY: Thank you. So as it
5 relates to these loans, what happens when these loans
6 are not honoured by the persons to whom they have been
7 granted?

8 MRS. MCDONNA: When you say -- In
9 the case of the student loan, the student bond then,
10 once the student honours it they don't have to repay.

11 MRS. BRADLEY: Okay.

12 MRS. MCDONNA: It's a scholarship or
13 a grant.

14 MRS. BRADLEY: Okay.

15 MS. WEBSTER: Just for the benefit
16 of the public, maybe just describe the bond process.

17 MRS. MCDONNA: Okay. That is issued
18 by the Public Administration. I believe that persons
19 apply for the grant or scholarship or in some cases
20 there is the island scholar. So once it's approved it
21 goes through the training committee and it's approved.
22 Public Administration would be in a better position to
23 give you the details. But once it's approved students
24 receive it and if they honour the bond agreement, then
25 they don't have to repay.

1 MRS. BRADLEY: Okay. And that's as
2 it relates to the student bond?

3 MRS. MCDONNA: The student bond.

4 MRS. BRADLEY: What happens in the
5 case of the medical loan?

6 MRS. MCDONNA: The medical loans,
7 they are issued by the Ministry of Social Development
8 and they are the ones who determine who receives
9 medical loans. The treasury only facilitates the
10 collection of the revenue.

11 MRS. BRADLEY: Okay.

12 MS. WEBSTER: So perhaps,
13 Mr. Harrigan, you can tell us more specifically about
14 the authority to give loans on a particular policy or
15 can you point us to particular policy or law which
16 authorises this?

17 DR. HARRIGAN: The student loans,
18 I'm not really, to be honest, I'm not sure about that.
19 That's not my area. I know that government over the
20 years would have given a number of scholarships in
21 different areas. Governments would, over the different
22 administrations would have given, for example, there is
23 a 15, \$15,000.00, yeah, is it, grant, financial
24 assistance for people who go away but they have
25 different sources of, you know, paying their university

1 fees. And typically what happens is that you are
2 required to come, you are bonded and you are required
3 to come back to Anguilla. So I think the problem
4 arises where mmm --

5 MS. WEBSTER: I understand and
6 Ms. MacDonna explained that very clearly.

7 DR. HARRIGAN: Okay.

8 MS. WEBSTER: What I am asking you
9 is where the, and I imagine it's budgeted for, this,
10 these monies, you budget and you're heavily engaged in
11 that process, in the budgeting process, so the budget
12 provides for these sums to be expended, yes. How do
13 you determine that?

14 DR. HARRIGAN: There is a -- Well
15 every year --

16 MS. WEBSTER: And what is the low
17 relative to that?

18 DR. HARRIGAN: I'm not aware of any
19 low. I can't give you that answer.

20 MS. WEBSTER: Okay. Don't worry.
21 That's all right.

22 DR. HARRIGAN: What I can say is to
23 my knowledge what happens. There is a training policy
24 committee of the government --

25 MS. WEBSTER: Yes.

1 DR. HARRIGAN: -- that has, you
2 know, representation from the various departments and
3 statutory bodies and this is coordinated by the
4 Department of Public Administration. So every year all
5 the departments and the statutory bodies, in particular
6 those that receive a subvention, in other words they're
7 reliant on government, they submit their training needs
8 and then a report is submitted to Executive Council in
9 terms of the training needs and Executive Council
10 decides based on all the other needs what particular
11 envelope they will allocate for any given year. So
12 there is yes, there is a training allocation in every
13 annual budget.

14 MS. WEBSTER: So specific to that,
15 to the inquiry here, in relation to arrears of revenue
16 by virtue, you know, monies owed by virtue of defaults
17 or whatever in that area, how do you engage with that,
18 if at all? How can you influence that, if at all?

19 DR. HARRIGAN: Right. So when folks
20 do not pay, and there's usually a staged approach, you
21 know, they are --

22 MS. WEBSTER: Just your specific
23 engagement in it is what I want to understand.

24 DR. HARRIGAN: Yeah. My specific
25 engagement personally as PS Finance is more in terms of

1 being copied into actions by other people. So for
2 example, if folks are not paying they're usually
3 contacted by the Public Administration Department
4 and/or treasury. If there is no response then there is
5 a letter, a legal letter cleared with the AG's Chambers
6 where folks have basically said that you have to, you
7 know, since you are not paying, then the obligation
8 falls on your guaranter. And while that may be
9 painful that is often the action. Yeah.

10 MS. WEBSTER: But what do you, how
11 do you engage as PS Finance in the process to influence
12 the outcome, if at all?

13 DR. HARRIGAN: Well all we can use
14 is the means that are available. And so if people are
15 not paying, as I said --

16 MS. WEBSTER: But those are actions
17 by other persons.

18 DR. HARRIGAN: Yeah.

19 MS. WEBSTER: That other
20 departments can take.

21 DR. HARRIGAN: Well I can't do
22 anything. Aidan Harrigan personally or PS Finance, I
23 can't go beyond the means, you know. I can't show up
24 and their door and say, you know.

25 MS. WEBSTER: No, no, no.

1 DR. HARRIGAN: So.

2 MS. WEBSTER: That is not what I am
3 suggesting. But perhaps based on the report you call a
4 meeting, you get all the various heads together or
5 something like that. Is that something? And I'm not
6 putting words in your you mouth.

7 DR. HARRIGAN: Yes.

8 MS. WEBSTER: I'm really just
9 trying to understand your engagement to.

10 DR. HARRIGAN: This is actually,
11 this particular example is a relatively, it's a clear
12 situation. It's clearer than maybe some of the others.
13 In other words, if you don't pay then it falls on your
14 guaranteeer, the person who is guaranteeer and then, you
15 know, they're responsible. In some cases also there
16 are funds that are due to the guaranteeers, you know,
17 and people who are in the, say the Public Service and
18 it's possible to, you know, what they call garnish, you
19 know, those funds and that is done, you know; that is
20 done.

21 MS. WEBSTER: Very well. Thank
22 you. Thank you for that.

23 MRS. BRADLEY: Okay. Continuing,
24 Mrs. MacDonna, my question to you is this: As of 31st
25 December, 2016, can you tell the committee as well as

1 the general public the amounts due to the Government of
2 Anguilla in arrears of revenue?

3 MRS. MCDONNA: The entire amount or
4 just in relation to the student loans?

5 MRS. BRADLEY: Yeah, as of 31st
6 December, 2016, what was the amount owed to government
7 in arrears?

8 MRS. MCDONNA: The total amount was
9 44 million.

10 MRS. BRADLEY: Forty four?

11 MRS. MCDONNA: Million.

12 MRS. BRADLEY: Note 19, in the 2013
13 report and accounts of the consolidated fund details
14 arrears by department. It notes that 23,000 --
15 \$23,937,000.00 was owed to the Inland Revenue
16 Department, \$6,413,000.00 was owed to the Treasury
17 Department and \$1,178,000.00 was due to the Customs
18 Department as of December 2016. What are the current
19 amounts of arrears due to these departments?

20 MS. WEBSTER: Just before you
21 answer I, and this is for the record, I just want to be
22 sure that, Mr. Harrigan, you quoted \$35.3 million in
23 arrears.

24 DR. HARRIGAN: Yes.

25 MS. WEBSTER: And that was in 2016?

1 DR. HARRIGAN: Yes. So just a
2 clarification.

3 MS. WEBSTER: Okay.

4 DR. HARRIGAN: Very well spotted.

5 MS. WEBSTER: Okay.

6 DR. HARRIGAN: That, the figure that
7 I quoted actually had to do with the amounts only under
8 Inland Revenue so my apologies for that.

9 MS. WEBSTER: Well we're
10 clarifying. Very good. Thank you for that.

11 So Mrs. McDonna.

12 MRS. MCDONNA: Okay. So you would
13 like a detail owing by all the -- owed to all the
14 departments? Okay. For the Immigration Department,
15 135,000; Information and Broadcasting, 26,000;
16 Agriculture, 25,000; the Treasury Department, 7.5
17 million; Customs 888,000; Post Office, 41,000; Inland
18 Revenue Department, 35 million; Health Protection,
19 27,000. Oh, and the DITES Department, 26,000.

20 MRS. BRADLEY: Okay, Mrs. MacDonna,
21 my next question to you is this: How many government
22 departments at the end of 2013 filed returns of arrears
23 as required by section 78 of the Financial
24 Instructions?

25 MRS. MCDONNA: I'll let the Deputy

1 Accountant General answer that question.

2 Mr. Vonlee Harris.

3 MR. HARRIS: Good morning.

4 MS. WEBSTER: And just -- And we
5 appreciate that, you know, the department is making
6 sure that all the information is available to us,
7 including the attendance. I'm going to ask the deputy
8 to also state his name and to, just for the record.
9 Thank you. And if any other witness requires support
10 for that person to state his name and the office as
11 well. Thank you very much.

12 MR. HARRIS: Good morning. My
13 name is Vonlee Harris and I'm the Deputy Accountant
14 General, Treasury.

15 MS. WEBSTER: And because we
16 haven't provided mikes for you I'm going to ask you to
17 do it again. I'm so sorry. But if you could come next
18 to your principal and --

19 MRS. MCDONNA: He has a mike.

20 MS. WEBSTER: Oh, there is a mike
21 on the ground, I understand. Okay. You might need to
22 hold it up. Thank you.

23 MR. HARRIS: Good morning. My
24 name is Vonlee Harris and I'm the Deputy Accountant
25 General, Treasury.

1 MS. WEBSTER: Thank you very much.
2 And welcome and thank you for being here as well.

3 MRS. BRADLEY: Okay.

4 MS. WEBSTER: Perhaps we could
5 repeat the question.

6 MRS. BRADLEY: I'll repeat the
7 question --

8 MS. WEBSTER: Yes, thank you.

9 MRS. BRADLEY: -- for you,
10 Mr. Harris.

11 MR. HARRIS: Yes.

12 MRS. BRADLEY: How many government
13 departments at the end of 2013 filed returns of arrears
14 as required by section 78 of the Financial
15 Instructions?

16 MR. HARRIS: As per financial
17 instructions, all the government departments are
18 supposed to file their arrears. However, for 2013 all
19 except two brought their arrears in. They did at the
20 end of the six month period after it was audited but
21 they did at the end of the day; but they were late.

22 MRS. BRADLEY: They were late.

23 MS. WEBSTER: And can you tell us
24 those departments? Can you name them for us?

25 MR. HARRIS: Yes. One was DITES

1 and Post Office.

2 MS. WEBSTER: Thank you very much.
3 But at the end of the day, as you said, they were all
4 in?

5 MR. HARRIS: Yes, we have them
6 all.

7 MS. WEBSTER: Thank you.

8 MRS. BRADLEY: Okay. Sorry. How
9 many filed at the end of 2016?

10 MR. HARRIS: Okay, at the end of
11 2016 none of them filed. That's because we actually
12 send out the request the following year. So for 2017,
13 I send a letter for the arrears to everyone on the 26th
14 of January, 2017. So I got them all as of last week.

15 MRS. BRADLEY: Oh.

16 MR. HARRIS: For 2016.

17 MRS. BRADLEY: So those were sent
18 out, you have not received them as yet?

19 MR. HARRIS: I have them all.

20 MRS. BRADLEY: You have them all?

21 MR. HARRIS: Yes.

22 MRS. BRADLEY: Oh, good. Okay.

23 MS. WEBSTER: Good work. Thanks.

24 MR. P. HARRIGAN: Morning again. This
25 question is directed to Mr. Carty. Please explain to

1 the committee the nature of arrears due to the Customs
2 Department? Which I think you already did in a
3 previous question but you can probably elaborate a
4 little bit more now.

5 MR. CARTY: Okay. As I was
6 saying, the dynamics of monies owed to the Customs
7 Department is a little different because we have, for
8 instance, at the end of 2016 our figures showed 888,000
9 and we did one last week on the 20th or some time in
10 March and the figure was six hundred and eighty
11 something -- 620,000 thereabout. So the dynamics is
12 that all declarations -- Maybe I should just give you a
13 little history.

14 MS. WEBSTER: Yes, a little. I
15 think, you know, we would appreciate that in the
16 record, the little history, so that we can make
17 recommendations for change. Go for it.

18 MR. CARTY: Yes. Back in 2010
19 the Anguilla Customs Department moved towards a system
20 we call ASYCUDA World. One of the hallmarks of this
21 system was to ensure that we enhance legitimate trade
22 facilitation, the facilitation of legitimate trade,
23 sorry, and maximise revenue collections which means
24 that all goods coming to Anguilla, you know, are
25 expected to be paid up front. The system allow for 24

1 hours access DTI, what we call Direct Trader Input,
2 basically saying that the onus of clearing the goods
3 now rest with that of the consolidator, the shipper,
4 the customs broker and the companies and the Customs
5 Department will revert to its natural position to
6 facilitate the process. So with the implementation of
7 ASYCUDA World, all declarations that's registered upon
8 the platform at the end of the year, some of them are
9 waiting for processing, some of them are waiting to be
10 paid and some of them are, from the mechanism I spoke
11 of earlier, from the customs bond process.

12 And just to reiterate for clarity, the
13 customs bond process is a mechanism we use for
14 facilitation of perishable items or perishable goods
15 coming to Anguilla. What this means, it's, given the
16 provisions of the Customs Act section 107 with power to
17 require security, the Comptroller of Customs allows
18 companies and different persons in Anguilla for, either
19 for urgent spare parts, perishable food and, I think,
20 and for hospital emergencies to bring their goods
21 through the border and the paperwork is expected to be
22 submitted within a 7 day period and then thereafter
23 paid within a 14 day period.

24 So in addition to that - that's the bond
25 process - in addition to that, at the end of the year

1 we also deal with hydrocarbons. That's our big ticket
2 item in Customs. And what happens is when the fuel
3 comes in the fuel depot, at the fuel depot the figures
4 has [sic] to be, the dips has [sic] to be made and
5 checks has [sic] to be done at the fuel depot to ensure
6 that they have declared the right amount of cannelage,
7 so that entails the customs officer going to the sites
8 at Corito, which is Delta and Sol here in Anguilla, and
9 doing the relevant checks of the amount of fuel that
10 left the tanker and came to shore. That takes about
11 two to three weeks in terms of reconciliation. What we
12 -- And payments are normally made thereafter, which
13 sometimes comes in the end of January or end of March
14 and those figures also will be included in this
15 arrears. What we have done, we have worked with the --
16 both companies to ensure that the process is somewhat
17 facilitated in terms of a more speedier process where
18 we can get the collections that was [sic] consumed in
19 November, for instance, November/December to be paid
20 within November/December. Sometimes we are not always
21 that fortunate because consumption, fuel is consumption
22 by value and then duties are paid so which means if a
23 tanker comes in at the last week of December with all
24 of these it rolls over to the following year and is
25 subsequently paid.

1 So the dynamics of this figure is that the
2 reality is if we go at this and do another, pull up the
3 arrears at the end of this quarter it will be totally
4 different from what we are seeing here today in terms
5 of the 2016 888,000. We did it last week, it was 620.
6 So I'm just saying the dynamics is that it's goods and
7 declarations awaiting process and payment and whenever
8 we invoke our revenue recovery programme this figure
9 tends to be reduced as we go along the way, so.

10 MR. P. HARRIGAN: Thank you. That was
11 pretty informative. Thank you.

12 MS. WEBSTER: Thanks.

13 MR. P. HARRIGAN: Next question is
14 directed to Kiel Connor. Please explain to the
15 committee the nature of your department's arrears.

16 MR. CONNOR: Yes. So ahm --
17 Sorry?

18 MR. P. HARRIGAN: No, we're just
19 waiting for you to speak. You're coming in kind of
20 broke [*sic*] up so just take your time.

21 MR. CONNOR: Hello?

22 MS. WEBSTER: Mr. Connor, can you
23 hear us at all?

24 MR. CONNOR: I can, yes, better
25 now. Go ahead, sorry.

1 MR. P. HARRIGAN: No, you're coming in
2 kind of broken but we can hear you so go ahead.
3 Proceed.

4 MR. CONNOR: Okay. Can you repeat
5 the question, please?

6 MR. P. HARRIGAN: Please explain to the
7 committee the nature of arrears due to Inland Revenue
8 Department.

9 MR. CONNOR: Okay. The nature of
10 the arrears will include property tax, accommodation
11 tax, tourism levy, Interim Stabilisation Levy, leases,
12 business licence and environmental levy.

13 Now with regards to collecting these taxes,
14 I'll start off with the accommodation tax and tourism
15 levy. To add to what Dr. Harrigan was speaking to
16 earlier, we do have a few registered entities who have
17 outstandings and we have established payment plans with
18 a few of them. And with regards to those that are not
19 compliant we will be sending one final notice and if it
20 is not adhered to then we'll pursue the liability order
21 through the court.

22 MR. P. HARRIGAN: Okay.

23 MR. CONNOR: Now with respect to
24 the property tax, the arrears have reduced from
25 previous years because of a property tax form where the

1 derelict properties were taken away from the system to
2 automatically reduce the arrears by in excess of
3 (inaudible) million. Now with the lease, a significant
4 amount outstanding is primarily due to Cap Juluca's
5 situation.

6 MR. P. HARRIGAN: Mr. Connor.

7 MR. CONNOR: And as Dr. Harrigan
8 said, we are awaiting word from ExCo as to how we
9 should proceed. Now for business licences, the current
10 system that -- the system how we were administering
11 that tax in previous years on an annual basis, entities
12 were sent their renewal notice. The challenge that we
13 had with that method is that whether a person was
14 actively open or not they were receiving notices and so
15 the total outstanding for the business licence is
16 actually unaudited, well all of them are unaudited but
17 a significant amount of that will be written off
18 because after conducting investigations and persons
19 coming in they were not operational during that period.

20 MR. P. HARRIGAN: Okay. Can you give
21 us a total and amount of taxes owed for each section
22 that you mentioned?

23 MR. CONNOR: Sorry?

24 MR. P. HARRIGAN: Can you give us a
25 total of taxes owed on each section you mentioned, like

1 property tax, accommodation tax, the levy, the leases,
2 environmental levy, et cetera, et cetera?

3 MR. CONNOR: Okay. The property
4 tax, it's around 8.9 million; accommodation tax, 5
5 million; tourism levy, just a little over 1 million;
6 Interim Stabilisation Levy, 2.2 mill; leases, 13.8
7 mill; business licence, 8.7 mill; liquor licence --
8 sorry, the environmental levy, 11,000. Those consist
9 of the major outstandings.

10 MR. P. HARRIGAN: Okay. Thank you.
11 From since 2015 or 14, have you seen an increase in the
12 arrears in these different sections?

13 MR. CONNOR: A slight. Yes, yeah.
14 A slight increase due to our robust compliance function
15 where some entities did not remit what is owed to the
16 gov. So after conducting random audits, you know, we
17 were able now to apply -- sorry, to bill some taxpayers
18 with regards to certain periods that they did not file
19 for. So these now are monies that are collectable on
20 behalf of the government. So the increase in the
21 revenues to be collected, just to make it clear, is
22 primarily as a result now of us being able to go out
23 there and ensure that persons comply. So for example,
24 if a tourism entity did not remit their filings for a
25 particular period and we go and conduct search and we

1 realise that hey, you know, monies or the remittance
2 was not submitted to the Inland Revenue, you know, we
3 would now go and conduct an audit on that specific
4 entity to confirm what is actually owed. I'll also
5 mention and give another example where we completed an
6 audit on a business entity over a five-year period and
7 they owe the government in excess of 25,000 up.

8 MR. P. HARRIGAN: Okay. All right.
9 Thank you. Thanks for the answers.

10 MS. WEBSTER: I just want to ask
11 you, Mr. Connor, just arising out of what you've said,
12 I get the sense that you are not able, you are not
13 doing as many audits as perhaps merited then. Is that
14 a fair assessment?

15 MR. CONNOR: Can you repeat
16 please, sorry?

17 MS. WEBSTER: I'm saying for
18 myself, I understand that there're, from what you're
19 saying, that there're additional things that perhaps
20 your department could be doing like in the case where
21 you've done an audit after five years and found a
22 certain amount due. Is this something that perhaps you
23 could increase to get more, you know, to collect more
24 of the arrears?

25 MR. CONNOR: Most definitely.

1 Most definitely. What is important is to first, you
2 know, identify your arrears. Now the way to
3 effectively manage your arrears is to ensure that we
4 can or we are in a position to age the debt. And again
5 considering the Limitation Act that we have in
6 Anguilla, it's very important that we are able to age
7 the debt where monies that are based on the agreements,
8 where we would apply monies to the oldest debt first
9 rather than applying it to current obligations.

10 MS. WEBSTER: And can you tell us
11 what constraints or what challenges you envisage to
12 undertaking more audits? Do you have, are there any
13 challenges to doing that?

14 MR. CONNOR: Challenges --

15 MS. WEBSTER: Department wise.

16 MR. CONNOR: Yes.

17 MS. WEBSTER: Resources wise.

18 MR. CONNOR: The challenges, all
19 right. Human resources, but I must commend my PS,
20 Dr. Harrigan. You know, he is working very close with
21 the Comptroller for Customs and I to ensure that, you
22 know, we have the resources that we need in order for
23 us to go out there and get the job done.

24 MS. WEBSTER: You see, that was one
25 of the duties that your PS didn't list for us but we

1 can see that leadership and we appreciate that.

2 MR. CONNOR: Yes. He's a good
3 man.

4 MS. WEBSTER: So thank you very
5 much.

6 MR. CONNOR: No problem.

7 MS. WEBSTER: So in relation to any
8 other areas though why, you know, tell us in relation
9 to other areas some of the hurdles that you may face as
10 well in collecting them; smaller areas.

11 MR. CONNOR: Sorry, can you repeat
12 that, please? Repeat that, please.

13 MS. WEBSTER: In relation to other
14 areas, can you tell us whether you experience similar
15 limitations or other limitations to collecting arrears?

16 MR. CONNOR: Well yes. Well okay,
17 persons, there are lot of individuals, entities who are
18 experiencing difficulties with regards to meeting their
19 obligations. And, you know, as comptroller, you know,
20 it's very important to understand what is going on in,
21 you know, in the community because the easiest thing
22 for us to do is to, you know, is to sit in our office
23 and just say hey, John Doe needs to pay this but we
24 need to go out there and understand what are the
25 current challenges. And one of the things that we are

1 now doing as part of the payment plan system is the
2 ability to pay where we are able now to assess an
3 individual or entity ability to pay based on their
4 income and expenses. And we are even taking it a step
5 further where we're even providing real financial
6 advice on how they can meet their obligations,
7 including their day-to-day living but still be able to
8 meet their obligations to the Government of Anguilla.

9 MS. WEBSTER: Yeah, that's
10 admirable. I am glad that we can point to that
11 additional success in relation to what you're doing.
12 I'm sure that for the record it will show that you're
13 going beyond the duty in terms of encouraging taxpayers
14 to comply.

15 MR. CONNOR: Yes. But I will say
16 though for those who, again we know who they are and we
17 will be coming after them very aggressively. And for
18 those who we know that there may be challenges and they
19 are coming, there are a lot of, we call them
20 stakeholders rather than taxpayers because, you know,
21 the government is a business and, you know, we are
22 working for the people, you know, so, you know, it is
23 our duty to ensure that, you know, we put measures in
24 place to assist those who are willing to comply. And
25 those who are not willing to comply, you know, they

1 will be dealt with accordingly.

2 MR. P. HARRIGAN: Excellent,
3 Mr. Connor. I'm very happy to hear that you guys are
4 working with individuals in the public arena. And I'm
5 here wondering if other departments do the same thing
6 but I guess we will address that question at a later
7 date. Thank you.

8 MR. CONNOR: No problem, sir.

9 MR. P. HARRIGAN: Ms. MacDonna, please
10 explain the nature of arrears due to the Treasury
11 Department.

12 MRS. MCDONNA: That would be for
13 2013?

14 MR. P. HARRIGAN: You can bill your way
15 up; 2013. Well give us 2013. Just give us a picture
16 of it; 2013.

17 MRS. MCDONNA: Okay. 2013 for
18 student loans it's 6.2 million; medical loans, 191,000.
19 2014 we've had an increase of 14 percent. For the
20 student loans it's 7.1 million; 219,000 or about
21 220,000 for medical loans. 2005 [sic], for student
22 loans, 5.4 million and in 2016, 7 million.

23 MR. P. HARRIGAN: Is that an increase
24 or that's just the figures owed for each year?

25 MRS. MCDONNA: It's an increase.

1 The amounts owed is added.

2 MR. P. HARRIGAN: Per year?

3 MRS. MCDONNA: Per year. Yes, it's
4 added on.

5 MR. P. HARRIGAN: Oh, it's added on.

6 MRS. MCDONNA: Yes.

7 MR. P. HARRIGAN: Okay. One thing I
8 was --

9 MS. WEBSTER: Just for the record.
10 Sorry, Paul. Just for the record. You said 2005 or
11 were you referring to 2015?

12 MRS. MCDONNA: 2015. I'm sorry.

13 MS. WEBSTER: Yes. Alright. So
14 we'll correct the record to show that.

15 MRS. MCDONNA: 2015. Thank you.

16 MR. P. HARRIGAN: I was, while
17 Ms. Bradley was questioning you, I was wondering, with
18 the bond situation for the students, when you say
19 someone guarantees or is a guarantor for the person
20 that's going to school, I was wondering how that works.
21 Because what I was suggesting now to ask if the
22 government doesn't actually use a piece of land from
23 that individual as collateral?

24 MRS. MCDONNA: No, there're usually
25 two sureties that's used.

1 MR. P. HARRIGAN: Mmm hmm.

2 MRS. MCDONNA: And if they are
3 government employees then we, at that time we would,
4 when it's due we would take it from their salaries.

5 MR. P. HARRIGAN: Okay, if they're not
6 government employees?

7 MRS. MCDONNA: Then we depend on
8 them to come in to pay it. And we also use the
9 Attorney General's Chambers to send out letters and
10 that has been working.

11 MR. P. HARRIGAN: Okay. Thank you.

12 MRS. MCDONNA: You're welcome.

13 MS. WEBSTER: Mr. Carty, I'm going
14 to ask you the same question that was asked to both
15 Mrs. MacDonna and also Mr. Connor. Why, to the extent
16 that it might not have been, you might not have
17 specified it yet, can each of you say why you have not
18 been able to collect the amounts due? Why you have not
19 been able to collect the amounts due? And I know that
20 you've tried very hard to share in relation to specific
21 areas but I'm intending here to address any gaps as
22 well. Thank you.

23 MR. CARTY: Very well. Thanks.
24 There will always be the better of the right resource
25 and the right skill. I must highlight today that, you

1 know, I share the sentiments of my colleague that our
2 PS. We have a very dynamic PS that has been very
3 supportive of us. If you look at the witness here
4 today, at the Ministry of Finance, you know, he has a
5 very dynamic group and we rally around him because he
6 supports us to the full extent.

7 But to highlight some of the gaps, we have
8 seen some improvements in terms of our resources. But
9 in the Customs Department, we are one of the only, if
10 not the only customs administrations throughout the
11 region that doesn't have an audit skill or accounting
12 skill within the walls of the Customs Department. And
13 those are some of the things that we need in terms of
14 our internal controls to truly maximise revenue.

15 I must say that tomorrow, you know, with
16 the blessings of my PS, I'll be speaking to the Chamber
17 of Commerce directors because part of my responsibility
18 is to enhance facilitation of legitimate trade. And
19 the intention there is to move goods through the border
20 to the stores and to the shelves so they could be
21 accessed more speedily by the consumers. So part of
22 trade facilitation, the programme that we are about to
23 purport is that we move the bureaucracy away from the
24 borders and we do a number of the safety net work
25 behind the border. That's going to require audit

1 controls where we'll come to the premises and check
2 your books to make sure that the due process and the --
3 was adhered to, and the laws was [sic] adhered to and
4 the payments thereafter.

5 So some of the gaps that we have in
6 collecting is quite natural, our resource. Our
7 stakeholders, we have a number of stakeholders
8 throughout Anguilla in terms of companies and importers
9 and brokers. The demographic, roughly speaking, with a
10 complement of 52, that is almost, to the population,
11 that could be a hundred plus persons per customs
12 officer. And throughout the years these persons are
13 normally entitled to, that doesn't include vacation and
14 sick leave and other types of leave, maternity. So
15 some days throughout Anguilla we have about 15 to 20
16 customs officers on duty. So the challenge with
17 arrears is that not that they are not collectible, but
18 at the time our resource doesn't permit, especially
19 during the Christmas season when we report what our
20 arrears are. But as I said again, we are working
21 towards improving that and hopefully we can get this
22 done as soon as possible as we're up for our national
23 reassessment in the coming months; Anguilla.

24 DR. HARRIGAN: Madam Chair, if I
25 can just add. In terms of resources and maybe just to

1 give a bit of, you know, context. So we've been
2 talking about arrears and, you know, what is the
3 response in terms of ensuring that we, overtime we
4 reduce the arrears and get to the point where it
5 doesn't become a problem. Right now, you know, they
6 have built up overtime so quickly. Anguilla has gone
7 from traditionally we had a Treasury Department that
8 used to be responsible for both payments that
9 government have to make and also, you know, receiving
10 monies. And I think in 2003 or '04 the Inland Revenue,
11 a separate Inland Revenue Department was established
12 and has been working since then.

13 Recognising some of the challenges, the
14 Government of Anguilla has reached out to what is
15 called the Caribbean Region Technical Assistance Centre
16 (CARTAC) which is like a regional IMF centre. It's
17 funded by UK DFID, CIDA and so on. In fact, Kiel is
18 now in St. Lucia attending a course that they offer.
19 But one of the things we're working both in terms of
20 Customs and Inland Revenue is to transform those
21 departments to gear them to be towards smart
22 enterprises based on, you know, use of intelligence,
23 proper use of intelligence, risk analysis, as the
24 comptroller said, and so it means looking at the whole
25 structure, looking at job descriptions and so on. So

1 sometimes it's a bit, while you would like to pull the
2 lever and things happen it takes some time to get the
3 structure right, you know, what you want to do and go
4 from there. And I'm happy to say that we are, in terms
5 of customs, just as recent as last week request was
6 made to Executive Council and Executive Council has
7 approved for 15, 15/16? Well one is a secretary. Well
8 secretaries do count too. But in terms of officers,
9 customs officers, 15 new custom officers to come on
10 board. You know, hopefully by, well there is a process
11 for advertising and selecting so hopefully by May they
12 will be on board. And we are going through a similar
13 exercise with Inland Revenue. A number of positions
14 were approved to be filled this year but we have to
15 first go through, as I said, looking at the job
16 descriptions, getting them graded and advertised and so
17 on. So in terms of Mr. Connor's defence, partially,
18 while Inland Revenue has the authority to have 37
19 persons, right now the staffing is 19 so we're really
20 going to make a push this year to increase that. In
21 terms of Mr. Carty, they have authority for I think
22 about 73 but only about how much you have now? 50.
23 Yeah. So that is that is something that we are working
24 on aggressively.

25

MS. WEBSTER:

And I really

1 appreciate that you have great aspirations and moving
2 forward but we are still focused on the arrears. And I
3 can see that, you know, the future is quite optimistic.
4 But in relation to the collection of arrears, with the
5 limited resources and taken into account that arrears
6 have increased and are significant right now, what
7 current steps, you know, what are you doing now to make
8 sure that the arrears that are outstanding are in fact
9 made available as soon as possible?

10 And I'm going to want the others to answer
11 the original question that we started with. There are
12 several other supplemental questions linked to that and
13 I believe Paul, you wanted to ask a question relative
14 to that.

15 (Mr. P. Harrigan nodded no.)

16 MS. WEBSTER: Okay. We'll pass
17 that one for the minute. But you will answer that and
18 then the others will. Ms. McDonna will answer the
19 original question, and I can remind you of that as
20 well.

21 MR. CARTY: Well in the Customs
22 Department we have established a, the latter of last
23 year, a revenue recovery programme and I have charged
24 the Assistant Comptroller to head that programme. What
25 this does is day to day the officer along with the

1 Assistant Comptroller will go through a list of money
2 that's outstanding and try to recover those funds.
3 What we do is we do door to door and we do also do more
4 tight controls in terms of checks and balances. They
5 spend time at the different hotels with the finance
6 persons or the finance departments to do some
7 reconciliation. And we also look at supermarkets and
8 different things that has [sic] large money outstanding
9 and they bring them in. And they bring them in to the
10 deputy or myself to work out what time frame can the
11 persons pay. Well more than likely we try to get it
12 within the same year in terms of having the monies, all
13 monies owed paid. So we do have our revenue recovery
14 programme and it's in high gear. In the first instance
15 we started, over the years it was at the end of a
16 quarter but now I have dedicated the Assistant
17 Comptroller to ensure that on a weekly basis that we
18 are aware of how many [sic] monies outstanding to us
19 and what steps are made to get that money back to
20 Customs Department, Government of Anguilla.

21 MS. WEBSTER: Thank you.

22 MRS. MCDONNA: We make every effort
23 to collect outstanding arrears. We actively exercise
24 the right of setoff as set out in the Finance and
25 Administration Act, 2010 where it allows the Accountant

1 General to, when a person owes money to the government
2 or to a government agency in respect of an amount and
3 that person is owed by the government in a specific
4 amount the Accountant General may exercise a right of
5 setoff in relation to the indebtedness. We do that in
6 the case of the student bonds.

7 Where we have difficulty collecting is that
8 in some cases we cannot contact the recipients at all.
9 They're overseas, they have not responded. And, you
10 know, we tend to remind them of their debt in writing
11 or via email.

12 In the case of the medical loans I depend
13 solely on the Ministry of Social Development to contact
14 persons to remind them of their indebtedness as these
15 loans were disbursed in good faith.

16 MS. WEBSTER: Thank you. And in
17 terms of your engagement, I know you said you rely on
18 Social Development, but you must be doing something to
19 engage with them too.

20 MRS. MCDONNA: We don't really
21 engage with the persons because they --

22 MS. WEBSTER: No, that's not what
23 I'm suggesting. Sorry about that.

24 MRS. MCDONNA: Well yes, Social
25 Development.

1 MS. WEBSTER: With Social
2 Development.

3 MRS. MCDONNA: Yes, I would call
4 Social Development and remind them of the need to have
5 the persons come in. In some cases they have social
6 workers so the social workers work with the persons to
7 ensure that the debt is repaid.

8 MS. WEBSTER: And in terms of the
9 increased amounts, you know, between 2013 and 2016
10 because those sums have increased.

11 MRS. MCDONNA: Yes.

12 MS. WEBSTER: And?

13 MRS. MCDONNA: In the case of
14 student loans, every year students are completing
15 university so some of them may default and not honour
16 the bond so those amounts increase significantly in
17 that some of the student bonds may be over half a
18 million dollars.

19 MS. WEBSTER: Thank you. Thank you
20 for that. And in relation to the medical amounts, I
21 imagine that -- are you able to weight or determine
22 how, whether the risk has increased in relation to
23 those activities or otherwise? I imagine that is
24 something.

25 MRS. MCDONNA: With the medical

1 loans, yes.

2 MS. WEBSTER: And is that the case?

3 MRS. MCDONNA: Yes.

4 MS. WEBSTER: So the level of
5 default is increasing as well?

6 MRS. MCDONNA: Yes, that's
7 increasing as well.

8 MS. WEBSTER: Yes. Yes. Thank
9 you.

10 MRS. BRADLEY: Just a supplemental
11 to you.

12 MR. CONNOR: Yes.

13 MS. WEBSTER: Go ahead, Mr. Connor.

14 MR. CONNOR: Sorry?

15 MS. WEBSTER: Please go ahead,
16 Mr. Connor.

17 MR. CONNOR: In addition to our
18 flexible payment plans, incentives such as the 20
19 percent discount that we applied to property taxes for
20 the six month period between July 27th to December
21 31st, we were able to collect 420 percent specifically
22 from the arrears. Okay.

23 Now we are also considering, which I have
24 to make a presentation to PS, we're also considering
25 sourcing some of our collection, some of our debts,

1 collecting them to debt collecting agencies.

2 MS. WEBSTER: Thank you very much.

3 MRS. BRADLEY: Mr. Carty, just a
4 supplemental. I don't know if this is just specific to
5 the revenue generating departments. I speak about your
6 revenue recovery programme, and it's good to know that
7 you do have a revenue recovery programme. But what are
8 the performance targets for the programme and have you
9 been able to meet those targets?

10 MR. CARTY: For our revenue
11 recovery programme, in our very operational plan, our
12 annual operational plan, we have stated there to reduce
13 our monies owed, arrears by 50 percent within the
14 current year. And we would like to get that to zero
15 but we asked to have it reduced by 50 percent. And we
16 have been successful to some extent in terms of having
17 persons come in and pay the relevant fees and duties
18 that's owed to the government.

19 For those that are delinquent, immediately
20 all goods that are imported on their behalf or by their
21 company they have to present payment up front either by
22 way of cheque or Manager's Cheque up front and the
23 process begins thereafter, but continue to pay or
24 submit an amount for the backlog that they have owed.

25 For companies that are delinquent or off

1 island, that poses some difficulty. We write to the
2 Attorney General's Chamber who assist us in addressing
3 these persons, you know. And given the provision of
4 the Customs Act, you know, hence sections 178,
5 Recoverable Amounts Due, we'll take them to court.

6 MRS. BRADLEY: Okay. So
7 specifically, would you be able to say that you are
8 actually meeting your targets?

9 MR. CARTY: With the revenue
10 recovery, yes. As I said, we dedicated an entire
11 Assistant Comptroller because we saw the need for such.
12 And I may mention that in addition to that, one of the
13 programmes that we add to the revenue recovery is a
14 prepayment programme facility. Yeah, I'm just getting
15 my nod from my supervisor's response. A prepayment
16 account, sorry, prepayment account where instead of --
17 we'll use the guarantees at the banks but it'll be live
18 collections for government where it would be now a draw
19 down facility rather than a security bond. So that's
20 another thing that we are including in our revenue
21 recovery programme so we can have revenue in realtime.

22 MS. WEBSTER: And that sounds very
23 much like a private sector initiative so that's
24 excellent; where you are paid up front. We need more
25 of that.

1 MRS. BRADLEY: So is it fair to say
2 then that you are meeting your 50 percent target in
3 reduction?

4 MR. CARTY: I'm assured by the
5 Deputy Comptroller yes, we are.

6 MRS. BRADLEY: Okay. That's
7 excellent.

8 MS. WEBSTER: Mr. Harrigan, in the
9 introduction I referred to the section in the Chief
10 Auditor's report where he said that, "*Effective*
11 *collection of revenue due to the Government, in*
12 *particular revenue arising from taxes and duties, will*
13 *be critical in ensuring that Government can meet*
14 *obligations.*" How does the ministry intend to approve
15 the collection of amounts due to the government other
16 than what your departments have just described within
17 other areas as well? And if you could explain under
18 the different heads as you earlier, how you envisage
19 government will be doing that.

20 DR. HARRIGAN: Okay. Generally,
21 when you're in discussions with tax experts, revenue
22 experts and so on, as I said, we have been engaging
23 with CARTAC on that, in terms of compliance with paying
24 taxes, one of the key factors is to make it easy for,
25 you know, folks to pay what is due. So that's

1 something that we've been working on structurally. One
2 of the things that has happened in recent times for
3 example, before, you know, you go to pay government you
4 pay with a cheque, you pay with cash. Now it's
5 possible to pay by debit card, by, you know, credit
6 card, to pay online. And this is something that we
7 would like to roll out even more so. In fact, we, in
8 terms of because we tend to also compare what other
9 countries are doing and we understand from the, in the
10 Bahamas they have pretty much just a token number of
11 persons in the Inland Revenue Department just if
12 somebody comes in, but basically for all intents and
13 purposes all their revenues that are owed to government
14 are paid remotely. All right. And then what that
15 allows is for staff to be freed up to do -- to focus
16 more on, you know, collections and compliance. That
17 is, I mean, we aim for that. That will take, part of
18 it is a culture shift in terms of what, you know,
19 people are accustomed to and what, you know, how rapidly
20 they can uptake change.

21 Government has had our system, our system
22 that we use for revenue is called is SIGTAS and that is
23 verging almost 15 years now so what we are in the
24 process of doing is actually entertaining presentations
25 from different suppliers of systems with the intent to,

1 you know, upgrade or replace the current system. And
2 eventually we'll get to the point of going through that
3 procurement process.

4 One of the other means is, of course, also
5 apart from all the things that we've done, I think if
6 you look historically, government has more or less
7 relied on voluntary compliance, you know; payment
8 plans, you know; incentives, that kind of thing. I
9 think where government has been hesitant to go, maybe
10 because we are a small community and so on, is actually
11 to enforce the provisions of the various Acts in terms
12 of, you know, taking people to court and so on. That
13 is never pleasant but, you know, if maybe all it takes
14 is a few examples to be made and the message, you know,
15 gets across and, you know, behaviour is changed.

16 Also the climate that Anguilla has been in
17 since 2008, and I think the others have alluded to this
18 in terms of there are some people who are willing to
19 pay but can't pay, you know. You have to be mindful of
20 that. And then there are some who, you know, willful
21 avoiders, so to speak. So there are no quick, as I
22 said, there are no, I think, quick fixes. We've, you
23 know, the different departments have indicated what
24 they're doing. As I said earlier, part of it is a
25 resource issue. We have to be aware it takes

1 specialised skills. For example, we need people in
2 terms of auditing being able to do risk analysis and so
3 on so we are, you know, working on resourcing.

4 And also part of it too is at some point
5 because whereas yes, the audit report would have
6 started at referencing in terms of from 2010, at some
7 point we're going to have to take a decision to say,
8 you know, what is really possible in terms of those? I
9 think Mr. Connor mentioned to age the debt and decide.
10 So you know, every year you come and say well there're
11 x amount, you know, in arrears but how realistic in
12 terms of that percentage, how much of that is it
13 realistic to collect? And if it's not possible then
14 well we simply have to then, you know, say well we need
15 to write it off because it's no sense, you know,
16 putting resources on that.

17 MS. WEBSTER: So as a supplement to
18 that, Mr. Harrigan, am I to understand then, is the
19 committee to understand that you don't currently have
20 any write off policies?

21 DR. HARRIGAN: Yes, there is, as
22 mentioned earlier, one of I guess the most glaring
23 example of what happen for a particular reason is to
24 come to the, you know, the policy, well not the policy,
25 as per the Act, well the law, it has to come to

1 parliament.

2 MS. WEBSTER: Yes, the law requires
3 you to come to parliament, yeah.

4 DR. HARRIGAN: It has to be. Yes.

5 MS. WEBSTER: But in relation to
6 those arrears that are owed by persons who based on the
7 limitation of actions and whatever, do you have any
8 regular organised programme to remove those arrears
9 from the listing?

10 DR. HARRIGAN: That has not
11 happened. In fact the only example I think in recent
12 times, apart from the Cap Juluca issue would have been
13 to do with water. A few years ago, again under the
14 Act, it came to the House of Assembly and wrote off
15 arrears that were due to the water corporation.

16 MS. WEBSTER: So a policy by
17 government in relation to arrears that whether by
18 virtue of the statute of limitations or other
19 challenges, a policy in relation to that and then the
20 authority from parliament will help you tremendously in
21 having a realistic picture and also being able to put
22 your accounts, government accounts, in better form as
23 far as the external auditor is concerned. Is that
24 something that you think would be helpful?

25 DR. HARRIGAN: Yes, it would be

1 helpful --

2 MS. WEBSTER: Very good.

3 DR. HARRIGAN: -- to make that
4 determination.

5 MS. WEBSTER: Yes. We're well
6 aware of the time and that we're keeping you. Are you
7 okay? I'm just checking, as any tribunal would, that
8 you feel comfortable still.

9 DR. HARRIGAN: Yes.

10 MS. WEBSTER: And your deputies as
11 well?

12 DR. HARRIGAN: Yes.

13 MS. WEBSTER: Very good. Thanks.
14 We'll move on now to the other set of questions. And
15 this is to do with, Mr. Harrigan, again to you and the
16 next question as well. I didn't ask earlier about the
17 time frames because I wanted, I was rather hoping you
18 were going to in your explanation share, you know, like
19 the targets, the recovery programmes that you have, you
20 know, just some general programmes and some time frames
21 to really make the situation a realistic situation and
22 allowing us to move forward. But I'm going to ask you,
23 I'm saying that so that if you see an opportunity in
24 the next questions to bring in information there that
25 it would be helpful in relation to time frames or any

1 specific programmes. But can you tell the committee
2 whether any research has been done to determine reasons
3 for noncompliance? We've heard, you know, excerpts
4 from, you know, about the ability to pay and stuff like
5 that, but have you done any organised research that you
6 can draw on to say that this represents that portion of
7 those debtors or? Do you see what I'm saying?

8 DR. HARRIGAN: Well the information
9 is there. As I said we, you know, you would have asked
10 and we can go down the list and say x amount is, you
11 know, attributable to, you know, accommodation tax or
12 whatever, the various taxes and the database is there
13 in terms of who are the, you know, the entities or the
14 persons and folks would have been approached so I don't
15 think that's an issue, that's a challenge. It's
16 really, you know, how to get, you know, better
17 compliance. You know, I mentioned the three areas
18 there so they're, as I said, based on our interactions
19 with the experts in these areas, you know, they said,
20 you know, there are those who can pay but, you know,
21 they for whatever reason try to, human nature, I guess
22 if you can get away with not reducing your burden then
23 you don't. So that's a focus. And then there are
24 those who would be, you know, want to pay but for
25 financial means, they can't. So I don't think that, I

1 don't think we need to do much more with that. It's
2 just to, how to get better compliance in terms of those
3 who are on arrears and can't pay. I think that has to
4 be the focus. Those who are on arrears and who have
5 financial or economic challenges, I think then they are
6 the ones who are more suited, you know, for some kind
7 of, you know, payment plan and some flexibility to work
8 with them.

9 To answer a previous question you asked, in
10 terms of the arrears, for this year we have actually
11 set a target to reduce the amount of arrears by 20
12 percent and to roll that out. So in other words, I
13 would imagine that next year you would invite us back
14 to this forum and we don't want to be in a -- we would
15 like to be in a position where so this year it was --
16 last year it was what, forty something, 44, 44 million.
17 So you invite us back here next year all things
18 considered, we would like to see that it's going in the
19 opposite direction, not increasing but decreasing, and
20 then thereafter continually seek to reduce it. And as
21 I said, part of that we may reach the point where of
22 that effort to say some of it is just not collectable
23 and then, you know, you write it off.

24 MS. WEBSTER: I know from the private
25 sector standpoint that it's very important that we

1 don't have a long list of debtors that are really not
2 debtors that we couldn't get and we get down to a small
3 list. But it's also helpful in forecasting to see, you
4 know, which industries are impacted or where the
5 biggest area is and various different ways of looking
6 at it. And sometimes like, just like you've seen in
7 one of the areas where you talked about incentives to
8 get people to pay or to do things, like if an industry
9 that is impacted more than another, there might be
10 creative ways to get them to pay. I'm merely asking
11 is, are you thinking along those lines? That's why I
12 asked you whether the data was available and you say
13 yes, to say who is owing. But I'm really looking at
14 data from the standpoint of proactively fixing the
15 problems. And the reason I am elaborating here is
16 because we want to make recommendations and you have a
17 wonderful opportunity here if you see that we can put
18 in a plug for you for that important improvement that
19 you're seeking if we could address it. So I'm going
20 back. Is the data that you have being utilised to
21 develop new approaches to management, to the management
22 of the arrears so that, and I want to congratulate what
23 is happening with the customs as well, that kind of
24 thinking and I know that you are behind it, but in
25 relation to other areas or other industry sectors, are

1 you doing the same thing? That's what I am asking.
2 And can we look forward to the next Auditor's Report
3 saying that Anguilla has surpassed every other
4 Caribbean jurisdiction or every other jurisdiction in
5 terms of, you know, getting rid of the arrears and
6 putting us in a good position?

7 DR. HARRIGAN: Yeah, I agree, you
8 know, with what you said and no arguments with that.
9 And certainly we can, you know, suggestions from any
10 quarter we, you know, we welcome. And as the
11 comptroller would have indicated, both comptrollers,
12 one of the things that they're trying to do more is
13 outreach with the members of the Chamber of Commerce
14 and other industry groupings to see, you know, what
15 they recommend because at the end of the day it's we're
16 all in this circle. I think you would have mentioned
17 at the beginning in terms of the financial health of
18 the government. So if government can do a better job
19 in terms of revenue performance it means that maybe
20 more revenue available for marketing tourism and, you
21 know, and bringing, you know, visitors to the island
22 and, you know, in a virtual cycle. So I think we are
23 all partners in this here.

24 MS. WEBSTER: Yes. And we can see
25 that, you know, very proactive policies in terms of how

1 you approach student loans and how you pay medical
2 expenses will all be impacted if we had less revenues
3 or less arrears. But one last question in this line to
4 you, Mr. Harrigan, and that has to do with, you went to
5 some length to talk about the Cap Juluca situation.
6 And in light of the fact that the sale did not occur,
7 how does the government intend to recover this amount,
8 that large amount that you mentioned?

9 DR. HARRIGAN: Well part of that
10 question is above our pay grade here in terms of I know
11 that there are discussions as we speak going on with
12 prospective new, you know, purchasers, so. I'm not,
13 personally I'm not part of the negotiating team and I
14 don't know what stance the government will take going
15 forward. But in terms of the -- No, no, no. Put it
16 this way: So there was a specific date, and Kiel can,
17 Mr. Connor can indicate. In terms of current
18 obligations, the entity is being asked to meet those.
19 So the clock or the counter, whatever, is not ticking.
20 Nothing is being added. A date was given as part of
21 the negotiations to say if, even if the deal fell
22 through, any taxes that are owed you have to pay. So
23 that is, they're being billed and my understanding is
24 that, you know, they are paying for current
25 obligations. The historical, that's above our pay

1 grade, so.

2 MS. WEBSTER: So can you tell us
3 what is currently owed now then, 2016, by Cap Juluca?

4 DR. HARRIGAN: Mr. Connor, can you?

5 MR. CONNOR: Yes, currently it is
6 18.4 mill EC.

7 MR. BRADLEY: Eighteen point how
8 much?

9 MR. P. WEBSTER: 18.4 million.

10 MS. WEBSTER: Is there -- I'm
11 sorry. There is a break in the communication, is that
12 right?

13 MR. P. HARRIGAN: I think he said 18.4
14 but we can verify it.

15 MS. WEBSTER: Okay. But yes, I'm
16 still integrating what -- I mean, it was such a shock
17 to me, Mr. Harrigan, when you said, personally, when
18 you said you are not involved in the negotiations and
19 you wouldn't, in the current negotiations. That
20 surprised me greatly because I know that your minister
21 always, always, when he comes to parliament, you know,
22 all of these things are relevant to come to parliament
23 and get, you know, specific dates to when they're
24 applied and not. But he's always very reliant on his
25 technical support and expertise and that comes from

1 you. So how do you assure that, you know, our
2 ministers are getting the right advice in relation to
3 the settlement of arrears and how they impact the
4 people of Anguilla; how? Do you know how that is?

5 DR. HARRIGAN: Well there is a
6 mechanism, a framework for tourism investment agreement
7 negotiations. And historically, well the public -- the
8 civil servant that is charged with leading those
9 negotiations is the Permanent Secretary with
10 responsibility for economic development and tourism and
11 so on.

12 MS. WEBSTER: But what I'm
13 interesting in --

14 DR. HARRIGAN: No, no. Can I
15 explain? Can I finish?

16 MS. WEBSTER: Yes.

17 DR. HARRIGAN: So the negotiation,
18 of course we are not the principals, the principals in
19 this, if you were to think of it in terms of a company,
20 the ministers are the, you know, the principals
21 (Executive Council). So a negotiating stance goes to,
22 you know, Executive Council and they give the marching
23 orders in terms of what the government wants from
24 particular negotiations. So the arrears that are owed
25 by Cap Juluca is nothing new, they know about it and so

1 ultimately it comes down to them to take, you know, a
2 policy stance on how they would want to treat with it,
3 so.

4 MS. WEBSTER: But the law, and I
5 know that we've addressed this before, says that, you
6 know, it has to be a decision in parliament. It's a,
7 you know, the decision that's taken is actually. So
8 your mandate to be collect in relation to the inquiry,
9 to identify and collect continues. You would have that
10 responsibility continuing and not waiting for any
11 specific. Do you see where I am coming from? I'm just
12 wondering if you understand my question.

13 DR. HARRIGAN: Yes, I understand
14 your question.

15 MS. WEBSTER: Yes. So that your
16 responsibility to collect continues absent the specific
17 approvals of parliament.

18 DR. HARRIGAN: There is no -- It
19 would be good if you have a -- the AG was here. But as
20 I said, that thing in terms of historical, the
21 historical amounts owed by Cap Juluca, you know, a
22 policy decision was taken. We as civil servants we
23 are, Executive Council is the decision making body so
24 we have to be guided by what they indicate. And as I
25 said, my understanding is that a line has been drawn on

1 the historical so that matter has to be resolved. But
2 in terms of going forward, the instructions we have
3 from ExCo is that due amounts should be collected and
4 that is what's being done.

5 MS. WEBSTER: So just for the
6 record, you are saying is that your direction from
7 Executive Council is that you do nothing in relation to
8 the historical amount that is owed in terms of efforts
9 to identify and collect going forward?

10 DR. HARRIGAN: For the time being.

11 MS. WEBSTER: For the time being.

12 Thank you.

13 MR. P. HARRIGAN: Okay. All right.
14 These next line of questioning have to do with
15 basically the same thing, collection of amounts due in
16 taxes. I'm addressing this question to Mr. Connor and
17 Mr. Carty. And what we'd like to know is what are the
18 processes that are in place at the Department of Inland
19 Revenue and Customs Department to ensure that the
20 amount due to the Government of Anguilla in taxes and
21 duties are fairly stated? All right, let me give you
22 an example. We want to know if you can ensure the
23 completeness of the tax rolls by verifying them to
24 other informations held by government. Do you guys
25 collaborate with businesses to see what is owed on the

1 different sectors? I know you mentioned earlier about
2 issuing a letter of good standing to certain business
3 or people. So we're trying to find out if you guys
4 collaborate with what is owed and also with the list of
5 people that owe the government. So let's say if they
6 Inland Revenue and they also owe customs or they also
7 owe the treasury, if you guys collaborate and find out
8 exactly. How effective is it?

9 MR. CARTY: We do collaborate on
10 a number of initiatives, the Comptroller of IRD and
11 myself. For example, with regards to the business
12 licence, in order to do business with the Customs
13 Department you have to be a legit business. And also
14 with regards to shippers and agents around Anguilla, if
15 you come to the Customs Department and as a
16 representative for a vessel or a agent, to be a agent
17 in Anguilla we ensure that you go to the IRD and that
18 you pay the relevant fees or the Ministry of Finance
19 and acquire the right licence. So with that regards
20 you can't do business with us unless you are a legit
21 business or paying your fair dues in Anguilla. So we
22 do collaborate on a number of initiatives thus far.

23 MR. CONNOR: Yes. Also to add to
24 what Mr. Carty said, to give an example, just quite
25 recently, about a two weeks ago the IRD and Customs

1 collaborated on a situation where there was a boat
2 operating illegally that was not from here and we both
3 worked together with regards to situation which ended
4 up in the entity having now to apply and receive a
5 business licence before it leave the port.

6 MR. P. HARRIGAN: Okay. Thank you. It
7 was a little broken, some of the comments you've made.
8 Can you repeat?

9 MR. CONNOR: Okay. Yes, I was
10 giving an example of how IRD and Customs have been
11 working together and where there was a situation a
12 couple weeks ago where we got news that there was a
13 boat operating illegally, that's without proper
14 documentation for Anguilla, and as a result the boat
15 was not permitted to leave until they applied and
16 received a business licence. And the boat entity was
17 not based in Anguilla.

18 MR. P. HARRIGAN: Okay. So you
19 basically got -- I guess you collaborated with the
20 Customs to find out if that boat was registered to
21 operate in Anguilla waters is what you're saying?

22 MR. CONNOR: Yes. Yes.

23 MR. P. HARRIGAN: Okay. In looking at
24 the section 64 in the Chief Auditor's recommendations
25 he also noted that what should happen is you "check the

1 returns submitted by the tax/levy payers back to source
2 documents on a sample/cyclical basis to ensure the
3 completeness and accuracy of the declarations. A copy
4 of the working papers used in this exercise should be
5 retained for audit purposes" (1), and also "ensure that
6 all supporting documentation is retained to evidence
7 the calculation of taxes due." Do you guys do anything
8 in this nature?

9 MR. CONNOR: Yes. Yes, we have
10 been. Now with regards to the first point, "ensure the
11 completeness of tax rolls by verifying them to other
12 information held by the Government", as I mentioned, we
13 completed our first official audit a few weeks ago
14 where we ordered the audited statements for the period
15 from 2010 to '15 of a specific company and after
16 reviewing those documents compared to, sorry, yes,
17 compared to what we had on our SIGTAS system, the
18 entity underreported in excess of \$2,000.00. And so
19 that is an example, you know, of us adhering to the
20 Chief Auditor's recommendation. Now there is another,
21 there are one or two other situations that's different
22 actually. This example that I just gave, the company
23 seems to be compliant (inaudible). However, we are now
24 pursuing a different approach with respect to a couple
25 other entities where we were able to receive

1 information that they, two situations where firstly,
2 information that they provided to us was not correct.
3 And secondly, over a period of three years and they did
4 not submit information at all to the Inland Revenue
5 Department. And we intend to take this situation
6 further and again to demonstrate, you know, to be
7 honest, to send a message to everyone that Inland
8 Revenue means business going forward.

9 MR. P. HARRIGAN: Okay.

10 MR. CONNOR: So for persons who
11 are willing to comply and they for whatever reason it
12 can be an honest mistake, you know, we are willing to
13 work with them, you know, meet them halfway. But for
14 individuals entities, you know, that as in this case
15 who it seems as though they are going do give us
16 trouble, we will take it further with regards to legal
17 action.

18 MR. P. HARRIGAN: Okay. All right.
19 That's pretty good information. Now to clarify, the
20 audit that you just spoke about, is that your first
21 audit or is there a series of audits that you have
22 taken before?

23 MR. CONNOR: It's just a complete.
24 We have done audits before but this is an actual
25 complete, you know, complete audit, you know, detailed

1 audit. Because one of the challenge we have as well,
2 the data on SIGTAS, the system that we use, the
3 information, some of the information is not or may not
4 be accurate so it's very important before we actually
5 engage any individual or any entity that we confirm
6 that information that we have is extra correct.

7 MR. P. HARRIGAN: Okay. You're saying
8 that the information on, is it SIGTAS, the software
9 that you use?

10 MR. CONNOR: Yes, sir.

11 MR. P. HARRIGAN: Is not accurate?
12 Human error?

13 MR. CONNOR: No, sir. Let me
14 clarify, please?

15 MR. P. HARRIGAN: Yes.

16 MR. CONNOR: Okay. Yes. Some of
17 the information may not, you know, we've seen
18 situations where some of the information was not
19 correct so in an effort to ensure that we are
20 administering tax in a fair and equitable manner, you
21 know, we are ensuring that all information is verified
22 before we engage customers.

23 MR. P. HARRIGAN: Okay. Thank you. I
24 understand.

25 MR. CONNOR: All right.

1 MR. P. HARRIGAN: In reference to, and
2 maybe, Mr. Harrigan, you can answer this. In reference
3 to withholding the tax clearance letter, have any, in
4 order for individuals to be encouraged to pay, have you
5 guys used any discretion in probably still giving them
6 the tax clearance letter in lieu of monies or do you
7 guys stand strong on your?

8 DR. HARRIGAN: Yes, for the most
9 part it is applied. I guess some cases some discretion
10 is exercised but for the most part it is applied. The,
11 typically, the Inland Revenue or whichever department,
12 they execute those without reference to us but on
13 occasions when some things which are of a nature that
14 perhaps has wider implications they do refer it to the
15 ministry, you know, for the ministry to have input.
16 But for the most part they are routine. It's a routine
17 exercise in that okay, if you owe money to government
18 and that you want to have something done, you have to
19 pay up.

20 MR. P. HARRIGAN: Can you elaborate on
21 the circumstances where this discretion is applied?

22 DR. HARRIGAN: I think sometimes
23 with larger establishments, again with maybe, you know,
24 like a hotel or a project where they are trying to get
25 certain things done and they indicate that, you know,

1 it's a matter of timing in terms of cash flow, so the
2 commitment is made to comply and, you know, on a
3 judgment basis we make the judgment that okay, give
4 them some leeway because at the end of the day these
5 people they employ, you know, people and so on. There
6 is a domino effect, so yeah.

7 MR. P. HARRIGAN: Okay, that is
8 understood. One more question by me. In reference to
9 the Accommodation Tax, Mr. Connor, what is the process
10 used to ascertain that the hotels provide the correct
11 occupancy rate to you, to the Inland Revenue?

12 MR. CONNOR: Sorry, can you repeat
13 that, please?

14 MR. P. HARRIGAN: In reference to the
15 Accommodation Tax, what is the process used to
16 ascertain that the hotels are providing the correct
17 occupancy rate per year; occupancy rate per year?

18 MR. CONNOR: Well currently what
19 the establishment submit to us is a remittance stating,
20 for example, the total accommodation for the particular
21 month, okay and then they submit a cheque to us based
22 on that, based on the 10 percent of the gross. Now
23 what we would be doing at the end of this year --
24 sorry, at the closing of this hotel season we will be
25 asking to see the audited reports for the entity in

1 order for us to confirm. Say for example in 2015 total
2 revenue that was collected for that respective entity
3 coincides with what is quoted on the audited statement.

4 MR. P. HARRIGAN: Okay. So basically
5 you guys send agents or officers down to the facility
6 and reconcile number for number or you just depend on
7 the hotel to send you information to Inland Revenue?

8 MR. CONNOR: Well the information
9 that they send, we, now another initiative that we have
10 put in place recently, in addition to Customs, we have
11 a relationship now with Immigration, you know, where we
12 are able now to confirm who would have stayed where and
13 when. So that information would be used to verify the
14 information that the respective hotel establishments
15 would have submitted to IRD.

16 MR. P. HARRIGAN: Excellent. That's
17 what I was hoping to hear because I know that every
18 individual coming through the port has to fill out a
19 immigration card.

20 MR. CONNOR: Yes.

21 MR. P. HARRIGAN: Thank you.

22 MR. CONNOR: Yes. Yes, sir.

23 MRS. BRADLEY: Okay, Mr. Connor,
24 these are my final questions to you. How frequently is
25 the tax roll or registers, sorry, how frequently is the

1 tax roll or registers of businesses and properties held
2 at the department updated?

3 MR. CONNOR: Can you repeat that
4 please?

5 MRS. BRADLEY: How frequently is the
6 tax roll or registers, I guess you have rolls and
7 registers that you use for your businesses and your
8 properties, held at the department updated?

9 MR. CONNOR: Well they're updated
10 on an annual basis.

11 MRS. BRADLEY: Okay. And I'm sure
12 you do this in conjunction with the relevant agencies
13 like Lands & Surveys as it relates to properties.

14 MR. CONNOR: Lands & Surveys and
15 Physical Planning.

16 MRS. BRADLEY: And Physical
17 Planning. Okay.

18 MR. CONNOR: Yes. What we intend
19 to do with regards to Physical Planning, when a
20 property has been approved they will send that
21 information to IRD and so that we can flag and monitor
22 the construction of the building, you know, so that
23 when the building is complete we can, you know, we are
24 able, we are in a position now to administer the
25 property tax.

1 MRS. BRADLEY: Okay. Thank you. My
2 final question. Are the tax returns filed with the
3 department assessed as is provided for by the various
4 tax Acts?

5 MR. CONNOR: Can you repeat that
6 please?

7 MRS. BRADLEY: Are the tax returns
8 filed with the department assessed as is provided for
9 by the various tax legislations or Acts or whatever? I
10 don't think you quite get me.

11 MR. CONNOR: Sorry, you're broken
12 up. Sorry.

13 MS. WEBSTER: Mrs. Bradley will
14 repeat the question.

15 MRS. BRADLEY: The question is: Are
16 the tax returns filed, tax returns or arrears of
17 revenue filed with the Inland Revenue Department,
18 assessed as is provided for by the various tax
19 legislations?

20 MR. CONNOR: Yes.

21 MRS. BRADLEY: Okay.

22 MR. CONNOR: Hello?

23 MRS. BRADLEY: Yes. Okay.

24 MR. CONNOR: For some reason I
25 think I'm not hearing the question too clearly. Can

1 someone else repeat the question please just in case?

2 I just want to be sure.

3 MS. WEBSTER: I can try to perhaps
4 provide an example. So the question was: Are the tax
5 returns filed with the department assessed as is
6 provided for by the various Acts? What, and I think
7 that -- Are the tax returns filed with the department
8 assessed as is provided for by the various Acts? In
9 other words, are you -- do you refer back to each
10 particular legislation, piece of legislation? For
11 example, the Interim Stabilisation Levy which we
12 haven't talked much about and that the assessment of
13 the levy would be provided for like in section 10, "*The*
14 *Comptroller may*", and I'm quoting from the Act now,
15 "*assess any levy required to be remitted by an employer*
16 *under this Act within two years from the day the levy*
17 *was required to be remitted.*" I believe, and
18 Mrs. Bradley can let me know if I'm misunderstanding it
19 as well, but what I'm understanding her to say, are you
20 just accepting that the returns are as due rather than
21 actively going in and assessing on a regular basis to
22 make sure that it reflects the requirements of the
23 particular law?

24 MR. CONNOR: Yes. Yes, we do.
25 That has been something, that has been a framework that

1 we have put in place very recently. And we still have
2 some work to do with that regards because that's an
3 audit function and we are in the process of revamping
4 the whole audit function. So yes, we do.

5 MS. WEBSTER: So just for clarity
6 though. So the record is going to reflect that in some
7 cases you do but there is scope for improvement?

8 MR. CONNOR: Yes.

9 MS. WEBSTER: Okay. Is that fair?

10 MR. CONNOR: Yes, yes.

11 MS. WEBSTER: Thank you.

12 MR. CONNOR: And by law, by law we
13 have the right to reassess if we deem that the
14 individual or entity did not remit their fair share.

15 MS. WEBSTER: Thank you. So one of
16 the recommendations that we could very well make is
17 that, you know, that there are specific actions that
18 are required to be taken, not just the acceptance of
19 the filing is accurate but certain steps that,
20 additional steps that need to be taken to verify that
21 it's current or in line with what the law requires?

22 MR. CONNOR: Yes. And I would
23 like to add that with regards to entities that are
24 incorporated and limited it's easier for us because
25 they have now audited statements. But with regards to

1 sole proprietors, you know, most of those individuals
2 don't have any proper accounting. And one of the, one
3 of my recommendations, hopefully I can get it in for
4 next year, would be for us to have third party, to
5 implement Third Party Administrator Act which will now
6 ensure that persons keep proper financial records so
7 that Inland Revenue Department, you know, is in a
8 position to collect their fair share. Because right
9 now for individuals and entities who do not have proper
10 accounting we only go on good faith.

11 MS. WEBSTER: Thank you very much.

12 MR. CONNOR: So the Third Party
13 Administrative Act will ensure that entities keep
14 proper financials.

15 MS. WEBSTER: Thank you very much
16 for that. The final set of questions, I'll ask Terry
17 to do that, taking into account and I appreciate it so
18 much, we all appreciate that you're here past 12:00 but
19 we're going to try very quickly to wrap it up because I
20 know the regular luncheon might very well be impacted
21 and I know many of you do many things during the lunch
22 hour so we're going to try as hard as we can to wrap it
23 up quickly for you.

24 MR. T. HARRIGAN: Yes. I understand
25 there is tremendous difficulty in your collection of

1 arrears but it is also apparent that there are many
2 steps taken to resolve this issue. Just a few
3 questions. The first one goes to Mr. Carty.
4 Mr. Carty, how are amounts due in duties calculated and
5 what systems are in place to ensure that there's
6 consistency in the process?

7 MR. CARTY: The calculation of
8 dues are provoked by the Customs Act, section 79 which
9 tells us that all goods -- not all goods, sorry, the
10 normal cost of goods coming to Anguilla shall include
11 the cost, insurance and freight and all costs before
12 the goods are landed in Anguilla and whatever rate of
13 the item will be applied thereafter. So the Act
14 tells us that, the CIF, that's what we call it, is how
15 we will calculate duties and items coming to Anguilla.

16 When persons are clearing goods from the
17 port or from the warehouse we have the Asycuda World
18 allows for the direct trader input, which means that
19 the customs broker declares his good to the Customs
20 Department via ASYCUDA World and before payment or at
21 payment we have the customs officer, the system that we
22 have in place is that we have to verify the data that's
23 submitted so the customs officer then vets. We call it
24 the vetting officer, vets the documents to ensure that
25 you have an invoice or a proper invoice and you have

1 all the documents that allowed us to calculate the
2 costs that is declared for your goods. So the law
3 provokes that we collect duties under CIF and the
4 Integrated Customs Tariff instructs the rate that will
5 be applied it to the different items once they are
6 imported.

7 MR. T. HARRIGAN: Thank you, sir. And
8 one more question to you. The report on the 2013
9 accounts noted that exemptions from custom duties by
10 the Government of Anguilla increased by 12.6 million or
11 380 percent. What was the figure for 2016, if you
12 know?

13 MR. CARTY: For customs
14 exemptions?

15 MR. T. HARRIGAN: Yes. You want me to
16 repeat it?

17 MR. CARTY: Yeah, repeat it.

18 MR. T. HARRIGAN: The report on the
19 2103 accounts noted that exemptions from customs duties
20 by the Government of Anguilla increased by 12.6 million
21 or 380 percent. What was the figure for 2016?

22 MR. CARTY: I don't have that
23 figure readily available for 2016.

24 MR. T. HARRIGAN: Well you can provide
25 it to the Chair or the committee.

1 MR. CARTY: Yes, we can provide
2 it.

3 MR. T. HARRIGAN: Alright.

4 MS. WEBSTER: I think so. And
5 don't fear if you don't have something. You can't
6 think of everything but so long as you can commit to
7 providing it to us, the information.

8 MR. T. HARRIGAN: And the last question
9 I would like to ask Mr. Harrigan. It really deals with
10 two areas. First, the question is about duty free
11 exemptions and secondly, I know that with the budgetary
12 process it is important to make certain projections in
13 arrears, correct?

14 DR. HARRIGAN: In arrears?

15 MR. T. HARRIGAN: Yes. Based on the
16 history of the collections of arrears, if members of
17 your different departments from time to time make
18 projections as to what arrears will be collected based
19 on the different data?

20 DR. HARRIGAN: Well yes, but in
21 terms of the, they are not factored into the actual
22 revenue that you project so it's almost as if you,
23 whatever arrears you collect it's like a "windfall".

24 MR. T. HARRIGAN: Okay.

25 DR. HARRIGAN: But you don't, the

1 revenue estimate for a particular year is forward
2 looking for that year.

3 MR. T. HARRIGAN: Yes. But my main
4 concern was, my primary concern was if you look at the
5 history of what arrears are collected say for example
6 in 2012, 2013, if that can help you to determine what
7 you may collect in 2014. It was just a concern of
8 mine.

9 DR. HARRIGAN: I understand.

10 MR. T. HARRIGAN: Alright. But the
11 question I want to ask is what is government's policy
12 on the granting of duty free exemptions?

13 DR. HARRIGAN: So there is a customs
14 duty exemptions policy which has been around for some
15 time and it lays out the eligible, well, you know, the
16 criteria from against which exemptions are granted. It
17 covers both local and foreign investors and also for
18 not for profit enterprises, you know, churches and so
19 on. So there a policy you can say that is applied.

20 MR. T. HARRIGAN: All right. Thank
21 you.

22 MS. WEBSTER: Can we trouble you to
23 produce that policy to us as well?

24 DR. HARRIGAN: Yes, we can.

25 MS. WEBSTER: Copy of that policy

1 document. And you can direct all of this through our
2 clerk. Yes. Thank you very much.

3 Now I'm well aware of the time and I know,
4 as I said, that many of you will have, you know,
5 personal obligations that you deal with in the lunch
6 hour and I'm going to wrap this up, but I want to save
7 the best for last and I'm going to ask Mr. Harrigan one
8 last substantive question. And just so you can be
9 thinking in the meanwhile, I'm going to ask each of
10 you, if you were to wish, have on your wish list one or
11 two things that would make your life better but would
12 make arrears go away as an item and make, you know,
13 everybody happy, working harmoniously, what would that
14 be? I want you to tell me, each of you. So while
15 Mr. Harrigan answers the next substantive question I'm
16 going to ask you what would that recommendation be?
17 What would meet that, would help you achieve that
18 outcome?

19 Mr. Harrigan, last question: What steps
20 are being taken to implement the recommendations of the
21 Chief Auditor in the 2012/2013 audit?

22 DR. HARRIGAN: Yes. So the audit
23 report was, I think, quite useful not only that they
24 pointed out areas that were deficient but also made
25 recommendations. And I think Mr. Harrigan would have

1 asked some questions, I think.

2 For government in general, we need to
3 improve, to have documented operational procedures
4 while stuff happens and when they're into -- when the
5 auditors come to us and they speak to us and they seek
6 clarification they could say well stuff happen. I
7 think where we fail, where we have to improve quite a
8 bit more is the, is as they mentioned there, the
9 documentary trail and so that's what we're working in.

10 One of the other thing, I think the
11 question was also broached earlier by one of your
12 panel, we need to have a more, I think, a more formal
13 process of, if you want to call it, protocol or
14 understandings which sets out what the undertakings
15 that say customs would require from another department
16 or Inland Revenue would require from another department
17 so that they can go about the process of verification;
18 verification.

19 Another, and we've been, I think in all
20 honesty, another thing that we need to improve on and
21 we are trying, Mr. Connor would have mentioned, I think
22 Customs does a better job there, a bit more of a mature
23 organisation, but the whole verification, I think
24 behaviour changes. Because taxes on the whole is based
25 on a kind of honour system. You know, you declare but

1 there has to be, businesses have to be or whoever is
2 paying taxes they have to understand that the threat is
3 real and that if there are issues with what they remit,
4 if they feel that the Inland Revenue or whichever
5 government department is not going to follow up, they
6 realise, that's human nature, people might take a
7 chance. But I think that the more that we improve our
8 level of verification or surprised audits and so on I
9 think that is something that will change the behaviour
10 and improve compliance. So those are some of areas
11 that we are working on to, you know, turn around the
12 situation as regards compliance, reducing arrears.

13 MS. WEBSTER: Thank you very much.
14 And just so we're going to give you an opportunity as
15 well to say what you think would be transformative if
16 you had your wish, just so we're not excluding the
17 boss, you can get to do it last. You can say that
18 last. But we're going to start with you, Mr. Connor.
19 And while -- just before you answer, I want to say a
20 special thank you to you because I know that you are
21 you are in a very intense programme there and to take
22 the time away and to focus on this is really
23 appreciated. And I know you're going to have to make
24 up by some, you know, long hours tonight to just catch
25 up but we are appreciative and I'm sure, you know, all

1 the people of Anguilla are appreciative of how
2 seriously you take your responsibilities so thank you
3 very much.

4 MR. CONNOR: No problem, no
5 problem.

6 MS. WEBSTER: So you can run with
7 your wish list.

8 MR. CONNOR: Yeah, I'm going to
9 keep it simple. For me, just resources. And as I
10 mentioned earlier, yes, you know, he is working very
11 aggressively to ensure that both customs and I have the
12 resources that we need to get the job done.

13 MS. WEBSTER: So simply more
14 resources? Can you hear us? Can you?

15 MR. CONNOR: Hello, can you hear
16 me?

17 MS. WEBSTER: Yes, we can now.

18 MR. CONNOR: Okay. Yes. I was
19 saying that for me, okay, I'm going to just keep it
20 simple. The resources. You know, once we, you know,
21 get the resources. And I know that the doc, he is
22 working very aggressively to give us that support. We
23 are confident that the arrears and IRD going forward,
24 you know, there will be a dramatic difference; improved
25 service, collection of arrears and, you know, meeting

1 the, our annual objective, and that is to meet the
2 budget.

3 MS. WEBSTER: Thank you very much.
4 I've noted that.

5 Mrs. MacDonna.

6 MRS. MCDONNA: For me it would be
7 100 compliance by tax payers. I know that is
8 difficult. And financial and human resources. In
9 that, well with the human resource, that we would like
10 to have a full compliment of staff but based on
11 austerity measures in place we are unable to.

12 MS. WEBSTER: Yes. And I'm asking
13 you what recommendation that we could make now that
14 would transform, taking account of where you are now,
15 that could help transform and allow you to get a
16 hundred percent compliance by tax payers?

17 MRS. MCDONNA: Well would be
18 reforms. Any reforms that we can put in place and
19 staff get training.

20 MS. WEBSTER: Training for staff
21 and reforms?

22 MRS. MCDONNA: Yes, and reforms.

23 MS. WEBSTER: Thank you.

24 Mr. Carty, we're saving you for last, not
25 really. Just before your boss. And I note that I've

1 seen you consult with your successors. I love that.
2 And I want to congratulate you as well on all the
3 initiatives you are taking, you know, to be forward
4 thinking. But tell me what you would really like.

5 MR. CARTY: Thank you, Madam Chair.
6 When the question was asked a number of things ran
7 through my head as to what we need at the moment in
8 terms of resources to get things done and especially
9 focusing around arrears and I consulted with my deputy
10 quite naturally. And in the spirit of true trade
11 facilitation in Anguilla where the intention of the
12 Customs Department is to move the bureaucracy away from
13 the borders to behind the borders, a wish from the
14 Customs Department today will be to provide the
15 requisite resources with regards to arrears, the
16 requisite resources to allow us to take trade behind
17 the borders but as to allow it to happen would be that
18 skill of accountant and audit skill so reconciliation
19 would be more forthcoming, it would be more timely and
20 we'll have more information, you know, available to us
21 in the department so we can follow trends and patterns
22 and do the right segregation in terms of --
23 segmentation, sorry, in terms of helping our
24 stakeholders to help us, you know, because that's the
25 philosophy that we want to adopt. We want to know what

1 their challenges are and we want to know how we can
2 best help them. So in order to help them they have to
3 help us. Those are the skills that would bring those
4 things to the table or bring those things to light.
5 And that's not my only wish but that's my wish with
6 regards to arrears.

7 MS. WEBSTER: It's your number 1
8 wish in relation to arrears? And the inquiry is in
9 relation to arrears.

10 MR. CARTY: Yes.

11 MS. WEBSTER: I hope we have other
12 forum where you can do other wish list too.

13 MR. CARTY: Yes.

14 MS. WEBSTER: Thank you very much.

15 Mr. Harrigan.

16 DR. HARRIGAN: Yes. I think we've
17 been quite thorough and some very good questions about
18 the whole process on arrears and so on but revenue
19 generation is a kind of like a derived so and we, it's
20 not the focus of this inquiry but I think ultimately
21 too I think part of the equation and an important part
22 of the equation for improve performance in terms of
23 revenue and so on is for a robust economy. And I think
24 it's something that you've tried to do. I think
25 sometime later this year, in a few months, there will

1 be a long-term planning exercise, visioning.

2 MS. WEBSTER: National development
3 agenda.

4 DR. HARRIGAN: Yeah.

5 MS. WEBSTER: Something we've been
6 waiting for for a long time.

7 DR. HARRIGAN: Right. So I hope
8 that as part of that we get, you know, ideas that can
9 transform the Anguillian economy, you know, because
10 yes, tourism is our main industry but we see, you know,
11 the challenges with that. And even when numbers
12 increase from year to year it's obviously not enough to
13 power. So what is Anguilla going to do in terms of to
14 become a smart jurisdiction, forward looking in terms
15 of tapping into, you know, all the innovations with,
16 you know, being green, being a green, you know, island
17 where the use of technology and to use also our small
18 size to encourage people to say, you know, look, you
19 know, why don't you partner with us, Anguilla, because
20 we can be a good testing ground for, you know? Just
21 one of my, and Andre is here, he is from the
22 environment, and we were just having a whip around just
23 recently in the past by email about companies like
24 Tesla, you know.

25 MS. WEBSTER: You want him here.

1 Do you want to partner with him?

2 DR. HARRIGAN: Yes.

3 MS. WEBSTER: Yes.

4 DR. HARRIGAN: Because, you know,
5 reducing government's expenditure, one of the things
6 we're saying, what if we can, the entire Government of
7 Anguilla fleet can be electric? And then what if,
8 going from there, what if we can get somebody to donate
9 that because, you know, for other things they get out
10 of it? So we have to, you know, we, to put it to end.
11 We can beat our heads into the ground or into the wall
12 with the same thing but that is not going to help. In
13 a nutshell, the Government of Anguilla revenues peaked
14 in 2007, yeah, with the crisis, just before the crisis.
15 And we're in 2017 and what we collected in 2007 and
16 2008, we are not, you know, we are not even back to
17 that point yet. So that's 10 years. So it shows that
18 this whole question of transformation, we need to
19 really transform, you know, structurally, the
20 Anguillian economy. So that's my, that's the headaches
21 I face.

22 MS. WEBSTER: So top of your mind
23 is transformation?

24 DR. HARRIGAN: Yes.

25 MS. WEBSTER: And transformation of

1 the economy so that there will be no need to address
2 particularly the arrears issue.

3 DR. HARRIGAN: Yes.

4 MS. WEBSTER: There won't be
5 arrears in the new transformed Anguilla. Is that how
6 I'm interpreting you?

7 DR. HARRIGAN: Yes, because there
8 are be some people who, there are some people and
9 entities who would always try to but if you have the
10 means to reduce that, and we're working on that. I'm
11 concerned about those who have all the best intention,
12 they want to pay but because of financial situation
13 they can't, they find it difficult to pay.

14 MS. WEBSTER: So you will get a
15 hundred percent compliance if we have a transformed
16 economy? So we are making recommendations in relation
17 to transformation as well.

18 DR. HARRIGAN: Yes.

19 MS. WEBSTER: Very, very, forward
20 thinking. I want to thank you each again. Thank you
21 so much. And on behalf of the other committee members
22 it's wonderful that we are able in a context of
23 consensus and impartiality to really, we hope,
24 scrutinise expenditure and suggest and recommend ways
25 to make Anguilla better. So you've been a big part of

1 that today.

2 And I know that, Mr. Harrigan, we haven't
3 ever, this committee is never going to, I hope have to
4 rely on a summons to bring any senior official to, you
5 know, this forum because, you know, we have those
6 powers as well. But we absolutely believe that the
7 spirit of sharing and working together towards the same
8 end is what we want to model for future enquiries and
9 you've been an amazing part of that in being
10 forthright, sharing, being inward looking, critical,
11 honest and we really appreciate it and the people, I'm
12 sure, appreciate it very much. So thank you. And we
13 will close these proceedings now.

14 DR. HARRIGAN: Thank you.

15 **(Meeting adjourned at 12:19 p.m.)**

16 ***

17

18

19

20

21

22

23

24

25

REPORTER'S CERTIFICATE

I, HEATHER R. RODNEY, Certified Court Reporter, do hereby certify:

That on the 22nd day of March, 2017, the foregoing proceedings were taken down by me in machine shorthand consisting of 103 pages herein;

That the foregoing is a true and correct transcript of the proceedings had.

That I am not an attorney, relative, or employee of any party hereto or otherwise interested in the events of this cause.

IN WITNESS WHEREOF, I have hereunto affixed my signature at The Valley, Anguilla, this 14th day of June, 2017.



HEATHER R. RODNEY
Certified Court Reporter