

*Leave of Absence**Tuesday, March 08, 2016***HOUSE OF REPRESENTATIVES***Tuesday, March 08, 2016*

The House met at 1.30 p.m.

PRAYERS[MADAM SPEAKER *in the Chair*]**LEAVE OF ABSENCE**

Madam Speaker: Hon. Members, hon. Stuart Young, MP, Member for Port of Spain North/St. Ann's West, has asked to be excused from sittings of the House during the period March 08—14, 2016. Mr. Fazal Karim, MP, Member for Chaguanas East, has asked to be excused from today's sitting of the House. The leave which the Members seek is granted.

**VALUE ADDED TAX (AMENDMENT TO SCHEDULE 2) ORDER, 2016
(ANNULMENT OF)**

Madam Speaker: Member for Tabaquite. [*Desk thumping*]

Dr. Surujrattan Rambachan (*Tabaquite*): Thank you, Madam Speaker. Madam Speaker, I beg to move the following Motion standing in my name:

Whereas it is provided by Section 8(4) of the Value Added Tax Act, Chap. 75:06, that the Minister may by Order amend Schedule 2 of the Act;

And whereas Schedule 2 of the Act prescribes the goods and services which are deemed to be "zero-rated" and therefore attract no taxes;

And whereas the Value Added Tax (Amendment to Schedule 2) Order 2016 was published on January 29, 2016 by Legal Notice No. 17;

And whereas this Order has drastically reduced the quantum of goods and services that are exempt from Value Added Tax;

And whereas the imposition of a new twelve and a half per cent tax on such a wide range of goods and services will create severe economic and financial challenges for many citizens of Trinidad and Tobago, among other things:

Be it resolved that the Value Added Tax (Amendment to Schedule 2) Order 2016 be annulled.

Madam Speaker, I thank you for allowing this Motion to be debated. Such Motions are far and few between, but this is a Motion that touches every single

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citizen in Trinidad and Tobago, and a responsible Opposition—which we are—has to represent the interest of every single citizen in this country. [*Desk thumping*]

Without exception, all our citizens are affected by this particular VAT process or the amendments to the VAT that had taken place in terms of Schedule 2. And this afternoon, Madam Speaker, my friends on the other side, the Members of the Government, they have an opportunity to display whether they are for the people, or whether they are against the people; [*Desk thumping*] whether they stand for the people who even voted for them and who today are crying out in pain, in anguish and suffering tremendously as I will show in my presentation because of the actions of the present PNM Government.

Madam Speaker, today my colleagues on the Government Benches have an opportunity to say whether they are for themselves, whether they are self-serving or whether they are for the people. And I repeat that deliberately because the people are beginning to say that the Government that they voted into office is not a government for them, it is a government that is acting against them. [*Desk thumping*]

Madam Speaker, in order to cover their tracks, in order to cover the deception that they are involved in, in terms of this VAT, they are making people feel that the 12.5 per cent VAT which represents a 2.5 per cent reduction will be beneficial to them. Now having recognized—a couple weeks after the VAT has been implemented—how much pain and suffering poor people in this country are going through because of this VAT, they are trying to atone for that sin by introducing what I like to call the “grocery police”. So the “grocery police” go to a number of supermarkets under the guise of saying we are here to look at the prices.

Madam Speaker, I have been doing some tracking on my own. I do not have time to go through all these bills, but I bought groceries on two occasions, one before the VAT and one after the VAT. And I can tell you that they were bought at the same supermarket, and I can tell you that there are items on this list which were non-VATable that went up, after the VAT was imposed, by more than 12.5 per cent. And I do not want to call the items because I will be introducing the brands and I do not want to affect people in that way, but I want to tell you that I have evidence of what has been happening and these are the actual bills from the groceries as to what has been happening.

There are times in the lives of us, as Members of Parliament, as Ministers, and particularly as Ministers and a Cabinet charged with the task of governance in the interest of the people, when we must with reason and honesty recognize the impacts which our decisions are having on the wider population, on the people.

And we must move with expediency and humility to correct those decisions where we have discovered that those decisions are against the best interest of the people, and this is one case where the decision regarding the VAT is against the best interest of the people. [*Desk thumping*]

Madam Speaker, this kind of political humility requires active listening and a willingness to accept feedback on the part of those who made those decisions. Unfortunately, these qualities of humility and listening are values that do not appear to be part of the psychological and social make-up of Members of the Government at this point in time. In fact, when the Minister of Finance, the hon. Member of Parliament for Diego Martin North/East, was asked by Andre Badoo for a comment on this Motion being debated today, his response was that it was doomed to fail.

Mr. Imbert: Is it not?

Dr. S. Rambachan: And you see, there he goes again. There he goes again. The arrogance and unsympathetic nature of the Minister of Finance [*Desk thumping*] towards the people of this country.

Madam Speaker, when you have to implement a policy, one of the things you want to do before you implement the policy is to do a proper analysis of the impacts of this policy upon people because governance is about people at the end of the day. Governance is about lifting the quality of lives of people, not destroying the quality of lives—and the lives—like happened in the case of two persons who went into a suicide pact because they could not pay their debts.

Dr. Moonilal: What a shame.

Dr. S. Rambachan: What a shame. So now in this country you no longer have just suicide for reasons of failed love and relationships, you know, you have suicides that are based upon economic hardship in this country, Madam Speaker, and that is a very serious thing. We are into a new wave in this case.

So, Madam Speaker, he said it was doomed to fail. Well, why is it doomed to fail? Is it a bad Motion? Surely, it is not a bad Motion. It is a relevant Motion. [*Desk thumping*] Is it illegal to file and debate such a Motion? Surely not. The rules of this Parliament allow such a Motion, and we filed this Motion in accordance with the rules of the Parliament. It is doomed to fail because the Government, the PNM Government, is just satisfied to use its majority to ignore the cries of the people. And without a care in the world for the trauma being experienced by the citizenry as a result of the new VAT arrangements, the Minister

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of Finance, and by extension, all the Members of the Government on whose behalf he speaks, dismisses very casually, very unsympathetically, uncaring, this Motion.

Madam Speaker, the people voted them in hoping for compassion and care, hoping for a Government that will listen before they act and now they are being scornfully dismissed. Take that, “Mr. and Mrs. Public”, for voting back the PNM into office, take that. [*Desk thumping*]

And so, as I begin my contribution, it will be useful if the hon. Minister of Finance can tell this House, how much money did he really expect to collect from the items that were once zero-rated by the People’s Partnership Government in the interest of the poor man in this country; how much money did he really expect to collect in VAT from those items that he removed from being zero-rated, especially food items, to now being items that are on the standard list.

Madam Speaker, I can tell you it is very little. VAT is a consumption tax, the more people buy the more VAT you collect. That is what it is. But you are paying VAT at several levels, eh. The importer pays VAT, then he distributes it to somebody in the middle, he pays VAT, and then it comes down to the retail shop, and the retail shop pays VAT, and then the person buying it pays VAT. So it is a whole multiplier effect and it is a very costly thing that raises the cost of living to the citizens. It is a consumption tax—the more people buy the more you collect. However, the ability of people to buy is a function of the prosperity of the economy. And the prosperity of the economy then leads you to the purchasing power of the consumer. And if the economy is not prosperous then the ability of people to buy is affected because their purchasing power is also affected. And further to that, the ability of people to buy, or should I say, the willingness of people to buy also depends, Madam Speaker, as you will agree, on the level of confidence that people have in the economy.

You always hear that consumer spending is up or consumer spending is down, people do not have confidence in the economy. You will hear that all the time, not only in the United States but even here in the Caribbean and Trinidad and Tobago. And the question has to be asked, therefore, are people confident about the economy of Trinidad and Tobago and about the future of Trinidad and Tobago and the economy under a PNM Government? After six months in office, people are beginning to express doubts. Read this weekend’s newspapers and you will see that every commentator has given the PNM a failed grade [*Desk thumping*] for the management of the economy. And therefore, Madam Speaker, with consumer confidence dipping and going lower and lower, you are going to find that people

are going to hold back their purchases, and therefore the ability of the Government to collect VAT is going to be affected.

Madam Speaker, people are sceptical about investing and spending. At this time in our country, people are losing confidence in the Government and in the future under a PNM Government. And further to this, the economy is grinding to a halt. It has virtually stopped. The Minister of Labour and Small Enterprise Development was in this House and said that 500 ArcelorMittal workers went home. Madam Speaker, that was good. Only two days in the newspaper, another company that is a subcontractor to ArcelorMittal sent home 640 workers. Silent. I do not think the country even knows that it was in the newspapers; I will find it and quote it for you later.

Madam Speaker, all I am saying is that people are under pressure, and when they are not earning an income and you put this further pressure of this VAT—let me just talk about food items—on food that they have to eat to sustain themselves, to maintain their health, to maintain their physical well-being, to maintain their children so that they do not go hungry at night; so that they do not starve. Madam Speaker, that is not right.

1.45 p.m.

The PNM-led, Dr. Keith Rowley, Prime Minister's administration in its wisdom has varied the rate of tax of VAT from 15 per cent to 12.5 per cent as of February 01, 2016. And they promised the people when they did that that the cost of living will not rise and, in particular, basic foodstuffs will remain the same. And the Minister of Finance published all kinds of statistics and he had all kinds of presentations—slide presentations—and what have you, and double-page newspaper advertisements: “Basket of Food Items”, to prove his point. Sadly, you know, he has had to withdraw that campaign that was aimed at fooling the people, at deceiving the people, because the price at the cash register and the tally on the bills were telling a different story, and particularly so for people who are on fixed incomes.

You know, I went to one of my constituents who is on a fixed income. He is a pensioner. And you know, I asked him, I said, “Gimme your monthly bill”. And this is from JTA Supermarket in Marabella. He spent \$1,521.00 a month, \$626 on the average. Look at it. [*Holds up bill*] Watch the side: VAT, VAT, VAT, VAT, VAT, VAT, VAT, VAT—all VAT. Watch! And I will tell you how many new items are VATable. And he now has to spend a little more money, over \$100 and some more in VAT per month. Now, you might think that is small, but for the fella who goes to

the hospital and cannot get drugs in the hospital but also has to come and buy drugs on the outside because CDAP drugs are not available, that marginal income becomes very important to him. So you see, pressure on the people. Pressure on the people.

Their quality of life, their standard of life and the standard of living—two things, you know. The standard of life is different to the standard of living. The standard of living has been affected, but their standard of life has also been affected because their psychological makeup is being traumatized by all of this.

Madam Speaker, the Minister of Finance, in particular, went on to justify the policy decision with respect to broadening the base of items on which there is going to be VAT by arguing that with personal allowances for tax purposes now raised to \$72,000 per year, that people will have an additional \$250 per month in their pockets which, according to him, will offset the VAT on thousands of food items and other necessities required for a reasonable quality of life. Correct. If you are earning \$72,000 or more a year you are going to benefit from \$250.

But what he did not tell the population—and this is where the deception is. What he did not tell the population is that how many people are not earning \$6,000 a month and above. What is the statistic? And in this House—if you go back to one of my contributions—I referred to the statistics I got from the Central Statistical Office which showed that about 60 per cent of the working population do not earn above \$6,000 a month. So that is about 365,000 persons. Madam Speaker, they are not getting this tax break. Therefore, they have to bear the full burden, from the income they have, of this VAT that they are paying. Madam Speaker, that is distressing—about 365,000. That is distressing, you know.

Madam Speaker, you really, as a Member of Parliament, get the opportunity when you are really in touch with your constituents and you go into their homes, to understand the pressures they undergo, you know. You cannot sit down in Port of Spain in a comfortable office and understand what is going on out there, you know. You have to do like the Members of the Opposition did in government, and even do now. Walk the streets, shake their hands, go into their homes [*Desk thumping*] and sit down with them and speak to them, and you will understand what \$100 mean to a poor family. You will begin to understand the difference \$100 make, or \$50 would make to a poor family.

Madam Speaker, so pain and distress to that large group of people who has not benefited at all from the increase in taxes, and they are the vulnerable people. So let us also take note of the fact that not only food items have been affected, you

know, or made VATable, you know, but almost everything that one buys now is VATable. In the circumstances, I say boldly that the poor are being made to bear the burden of this policy decision and the rich are getting richer in the process. [*Desk thumping*] Why? Because the rich could now drink Johnny Walker Blue at 2.5 per cent less; they could drink champagne at 2.5 per cent less; they could smoke Cuban cigars at 2.5 per cent less; they could buy Porsche car at 2.5 per cent less; they could buy Mercedes at 2.5 per cent less; Range Rover at 2.5 per cent less.

So alcohol has benefited, cigarette benefited, car benefit, “but people eh benefit. Poor people ketching”—as a result of this. Is that good governance? Is that what you call good governance in this country, that your policy decision creates such—

Hon. Member: Hardship.

Dr. S. Rambachan: Hardship, that is the word—hardship and suffering for the people?

Madam Speaker, you know, Robin Hood—the famous character called Robin Hood—used to take from the rich to give to the poor. We have a Robin Hood now who is taking from the poor and the rich are benefitting. [*Desk thumping*] This could only happen in Trinidad and Tobago under a PNM Government.

Mr. Singh: Robin Hood in reverse.

Dr. S. Rambachan: They reversing everything. They are in reverse gear going down a hill. Can you imagine the disaster at the bottom of the hill? I want to say again, one would have thought that the aim of good governance is to lift people from where they are and to improve their standard of living. The inability of people to purchase nourishing food has implications for a person’s health and for child development. It might be repetitive, but again I want to say, alcohol has benefited, cigarette benefit, but the poor man’s food prices have increased. People are buying less for the same money available to them when they go to the grocery because it is not just basic food items they are buying. Let us remember that. They require goods and services which are now VATable to the tune of 12.5 per cent.

Madam Speaker, the group marketing manager at Xtra Foods Supermarket in Grand Bazaar, Mr. Daniel Austin, said that:

“About 21,000 items had VAT reductions”—

But listen to this:

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“...23,000 items had VAT increases while between 5,000 to 7,000 were zero-rated.”

Newsday, February 02, 2016. So people are now paying VAT on 23,000 additional items, 12.5 per cent versus a 2.5 per cent reduction on the 21,000 items, and only 5,000 to 7,000 remain zero-rated. Do the math. Do the math. Of 50,000 items—23,000, 21,000 plus 7,000—only 7,000 are zero-rated. Seven over 50,000 is about how much?—14 per cent. Eighty-six per cent of what people buy are today VATable at 12.5 per cent.

Madam Speaker, you know, this is not about whether it is 12.5 or 15 per cent, you know. This is much more than that. This is a debate also where we have to ask deeper questions about whether the Government has the capability to introduce economic policies and strategies in this country that will take this country out of the situation it is in right now so that such harsh policies that have implications for the poor would not have to be implemented. And the Government has shown no indication that they have that intelligence to do that at the moment. [*Desk thumping*] And my colleagues who speak after me will deal with that in greater detail.

You know, there is a retiree by the name of Carlton Lewis and he is quoted in a Carol Matroo article on January 30, 2016 in the *Newsday*, and he said—she writes here:

“Retiree Carlton Lewis, however, was not easily appeased with the minister’s breakdown of the figures.”

And he was speaking about the Minister of Finance:

“This don’t make sense. It really don’t make sense.”—he says.

“‘You know the Government really doesn’t cater for poor people, as far as I see, you know,’ he said.”

That is what people are saying out there now, that this Government “doh” cater for people. This is a rich people Government. This is a rich business Government. So if you notice carefully, the hon. Prime Minister meets with the big business houses while at the same time does not go and talk to the poor people about how “dey ketching” with respect to this VAT. “Dey carry a ‘baraat’” down to Magdalena and celebrate—[*Desk thumping*]

Hon. Member: What is that?

Dr. S. Rambachan:—but they forget about the poor people. So they could eat on the plush tables of the Magdalena hotel while the poor people are eating the crumbs that are dropped down onto them. [*Desk thumping*]

Madam Speaker, the Chief Executive Officer of the Trinidad and Tobago Chamber of Industry and Commerce, Catherine Kumar, in a Verne Burnett article, had this to say. She said:

“...that consumers should not be surprised at price increases on previously zero-rated items which...attract Value Added Tax of 12.5 percent from February 1, 2016.”

And—

“She said the Chamber wants to ensure that merchants do not pass on more than the 12.5 percent, and...they don’t use it as an opportunity to put on other increases that they may have wanted to do before.

She said there should be a reduction in price on the other products which were carrying VAT at 15 percent...and”—now—“reduced to 12.5...”

But, you know, she said something very interesting.

“She said the Chamber had been advising its members to do the right thing, noting that the organisation’s Code of Ethics requires that there is a reduction although she was aware that some suppliers would say there were costs they wanted to pass on before, but didn’t, merely to keep prices at the lower figure.

She said if they had to adjust prices on February 1, they would include what they wanted to add on before. However, she said such cases should not be in the majority.”

But the other point she makes is important.

“She said some suppliers were saying that transportation costs had increased and therefore the manufacturer, or supplier, of the service had increased costs...”

So you see what this VAT has done? What it has done? Transportation costs have gone up. Now all the suppliers were claiming other costs, so the entire cost of living has escalated. [*Desk thumping*]

Hon. Member: What is the source of that information?

Dr. S. Rambachan: Catherine Kumar in a Verne Burnett article, Wednesday, January 27, 2016. I believe it is the *Newsday*. Madam Speaker, the cost of

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foodstuffs is also affected by the daily deteriorating rate of the Trinidad and Tobago dollar. And you know what that is doing? That is causing imports to increase—food import prices to increase.

Now, when the People's Partnership Government left office in September the rate of exchange, September 07, was \$6.36 to the US dollar. I believe two days ago the rate had climbed to \$6.59, 23 cents on the dollar more. And that is the official rate.

Hon. Member: And you cannot get to buy.

Dr. S. Rambachan: Madam Speaker, you probably would not be surprised to hear what I am going to tell you. But merchants are openly telling you now that they are buying US dollars at \$7.00 for one on the black market to pay for their imports. [*Desk thumping*] In Port of Spain you are not supposed to trade in US dollars unless you have a licence. Port of Spain businessmen have signs up on their places: "Buying dollars at this point" or "Selling dollars at this point". It was reported. It is there. What has happened here, the economy is being crushed and people are losing confidence and they are setting up their own unofficial, parallel banking system and foreign exchange system in the country.

The Government has lost control of the country! [*Desk thumping*] They have lost control! Not only have they lost control in terms of crime and lawlessness which is pervading, but now they have lost control of the ability to manage the economy in the interest of the people. [*Desk thumping*]

Madam Speaker, as a responsible Opposition, we are aware of the economic dynamics that are facing the country. We are aware of the budgetary deficit in the country which, again I want to ask the Minister of Finance to tell us whether it is still \$21 billion or whether it is \$30 billion as some of the economists are now claiming.

2.00 p.m.

What is the real situation with the deficit? What is your real projected deficit in the country? You should not hide that information from the public. If you claim, like you always claim, particularly the Minister of Finance when he sat in this very seat where I am standing here, used to ask for openness and transparency, today I ask for openness and transparency on behalf of the people. [*Desk thumping*] Let us know.

So we are aware of the economic dynamics, we are aware of the budgetary deficits, but we are also concerned and seriously so about the hardships that our

people have begun to experience. People must not be asked to make sacrifices that could be avoided, and if [*Desk thumping*] this Government had used more intelligent approaches to managing this country, as my colleagues will talk about, you would see that there would have been a different outcome and not the hardships for the people. [*Desk thumping*] We are here today not just to criticize, but my colleagues will present ideas that will deal with this situation because we are capable of doing it. We are a better Government. [*Desk thumping*]

Madam Speaker, I want to make the point again about drugs. I am talking about pharmaceutical drugs. You know, patients going to the hospitals right now cannot get CDAP drugs, Mr. Minister of Health, Member for St. Joseph. CDAP drugs are in short supply. There are still pharmacies who have said that they are still not getting their payments although I see the Minister of Health said that they paid certain moneys and so on. And the people on small incomes, they go to the hospital and they cannot get their drugs. You think they will die? They have to now get money out of their pocket, borrow money to go and buy drugs. The disposable income that they had has now been reduced by their increased cost of living; and all that is a direct outcome of what the PNM Government has done to the people.

Madam Speaker, you know, it is not surprising eh, when you walk down the road, like I so often do in my constituency, you walk down the road and you know what Trini always say, “How yuh goin boy?” They watch you and say “Boy, is pressure, boy. Pressure, pressure, pressure!” The PNM Government is putting pressure on the people. Madam Speaker, do you know what happens to a pressure cooker? After a while the pressure cooker begins to steam, and after that it begins to whistle—and you know what can happen to a pressure cooker? It can explode, and the people can explode in this country because of the hardship that they are being subjected to.

A few days ago, Mr. Jerome Borde, the head of ANSA Automotive, at the opening of the new showroom in Chaguanas warned the population that vehicle prices are due to go up and not down, and that the 2.5 per cent VAT break will soon be wiped out by the increase in the foreign exchange rate for US dollars. But you know what? Even without that, taxi fares have already shot up, they have gone up, commuters have to spend more now on transport. All the savings that people have are now being wiped out because of these new arrangements with the Government.

Worse yet, what has the Minister of Trade and Industry done? They have gone and changed the policy on foreign used cars, right? Cry to get some public

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sympathy, but you know, Madam Speaker, what has that done? It has increased the price of foreign used cars for the poor man—it has increased it; but that is not what has happened. Because they have brought in four-year-old cars, what they have done now is taken the price of a foreign used car and made it closer to that of a new car. So that they are taking care of their friends who have the new car [*Desk thumping*] business and not dealing with the poor man in the country. This is a rich man's Government, not a poor man's Government. [*Desk thumping*] That is what. They always wanted to do that. They always wanted to do that, and hence the Prime Minister went and he met with one of the big conglomerates who is a big motor car dealer in the country, while at the same time affecting the foreign-car used market volume. [*Desk thumping*] Shaft them.

Madam Speaker, you know, I said at the beginning that any perceived gains on the so-called VAT reduction have been a deception, and I went into the dictionary and said let me see what are the synonyms for the word “deception”. This is what they said there—just synonyms—fraud, trickery, dishonesty, cheating. You know, there is a radio station that has a very beautiful line and they have some very good things on there—I compliment them—95.5. They say, “Who the cap fit, let them wear it”. The PNM wearing this cap today. [*Desk thumping*]

Madam Speaker, the decision to change the policy on VAT items is having a serious impact upon the lives of our citizens. Yes, in hard times citizens are expected to make sacrifices, but the extent of the pain being caused by the addition of so many food items to the VATable list is unconscionable. It is not only reckless, but it is wrecking people's lives. That is what is happening. The pain will increase even further, given the signals that have begun to emanate from the lips of Ministers, who without any kind of sympathy in their voices appear to delight in announcing decisions, which they cannot make, to inflict pain and punishment on people.

The Minister of Public Utilities, for example, still has to understand that it is the Regulated Industries Commission that will make recommendations for the increase of electricity and water and not the Minister of Public Utilities. [*Desk thumping*] Why do you want to undermine legitimate institutions in this country who have a role to play? [*Desk thumping*] Why do you announce on the eve of a possible enquiry by the Integrity Commission into the affairs of a Minister of the PNM that you have no faith in the Integrity Commission? [*Desk thumping*] Why are you attacking independent institutions under the Constitution of Trinidad and Tobago? [*Desk thumping*]

Mr. Imbert: Point of order, Madam Speaker, 48(1). This is a debate on zero-rated VAT items.

Madam Speaker: Hon Member for Tabaquite, I will advise that you try and keep your points related to the subject of your Motion.

Dr. S. Rambachan: Sure. And, Madam Speaker, if there are going to be increases in water and utility rates, it means to say that the price of water and utility rates, because of the increase, will increase with VAT. [*Desk thumping*] That is what will happen. It is going to happen. [*Interruption*] The source of the authority is the words from the lips of the Minister of Public Utilities which you can find in the newspapers.

Madam Speaker, the PNM giving with one hand, but you know what?—they taking with two hands. [*Desk thumping*] So the hand is always “more full” when they take rather than when they give. You know, it is like wanting to have a cow which will give you milk, the same amount of milk every day, but every day you are feeding the cow less and less, and less and less nutritious grass. You stop giving the cow—what they call it?—pangola grass and now you are giving it razor grass. One day it will not be able to produce any more milk. As they say, you would have milked it dry, and the people of Trinidad and Tobago are being milked dry by the PNM right now. [*Desk thumping*]

Madam Speaker, how are the people going to survive? How are they going to survive? Every day, as I told you, people are losing their jobs, companies cannot pay severance as money owed to workers. The *Trinidad Guardian*, Tube City, and I quote:

“Tube City, a leading multi-national provider of industrial mill services for steel makers, laid off 600 workers in March and another 40 December last year.”

That company was contracted to ArcelorMittal to provide stevedoring and mill services.

Mr. Imbert: Madam Speaker, Standing Order 48(1). This is about Schedule 2 of the Value Added Tax Act. Nothing else! Madam Speaker, point of order.

Madam Speaker: Again, I will just advise Member for Tabaquite, if you could relate your point to your Motion.

Dr. S. Rambachan: Madam Speaker, what I am showing you—[*Crossstalk*]

Madam Speaker: Members, I would like to hear the contribution of the Member for Tabaquite.

Dr. S. Rambachan: Madam Speaker, you know, it is one thing to give pressure to the people, but they cannot take pressure, eh. [*Desk thumping*] This Opposition will give pressure to them on behalf [*Desk thumping*] of the people.

Madam Speaker, the point I am making is simple, you know, that these people now have reduced incomes and they have to now pay all this money on VAT. Their lives are going to be affected. There is a tie-up. This is why I said this whole matter involves the management of the economy in the interest of the people. [*Desk thumping*] If I go back to the Motion:

And whereas the imposition of a new twelve and a half per cent tax, on such a wide range of goods and services will create severe economic and financial challenges for many citizens of Trinidad and Tobago, among other things: [*Desk thumping*]

I have it in my Motion. We have intelligent people drafting these Motions on this side, you know. The kind of intelligence that you require once more to run the affairs of this country sits here, resides here. [*Desk thumping*] I wonder, Madam Speaker—[*Interruption*—you know what, the laugh will finally be on our side because I will tell you, you will laugh today but, you know, you will cry tomorrow because the tears of the people will fall at your doorsteps. [*Desk thumping*]

Madam Speaker, does this PNM Government really understand what is happening? Therefore, did they ever think that they could have looked elsewhere for revenue and not just VAT on those food items and on other essentials? My colleagues will give ideas of how some of this could have happened and where we could have gone. Maybe they could have thought about some of their rich friends who have all these buildings that they are renting out at \$385 million a year to drop the rent. They might have equated to the amount of VAT that they hope to get on these 7,000 items; maybe they could have raised the alcohol and cigarette prices and taxes and so on, and taxes on those big new cars and what have you; maybe they could have done that instead. Maybe those are the kinds of the things that they could have done, and so they would not have had to impose this burden. Maybe they could have thought about better collection of VAT.

Madam Speaker, do you know what happens in stores today? Sometimes you go in to buy and they say listen, “You want a bill or you do not want a bill?” Why are they asking you that and you pay cash? In my research this is what I

have discovered, you know, and therefore, no VAT is involved. How is that working? Why is it that people ask you, you want a bill or you do not want a bill and you pay cash? So maybe we should improve the way we are collecting VAT. Maybe they need to do work. You are putting “grocery police” to hide your sins and to atone for your sins that you impose the VAT. Go and improve your collection system, nah. Collect the money that you are supposed to collect.

Madam Speaker, I want to close with a statement from Mr. David Abdulah. He said that:

“...there must be equity and justice across the board.” And—“he said that”—he was—“proposing a more complete review of the tax structure.”

He says:

““Not only looking at the Value Added Tax but generally with a philosophy of taxation that is progressive that seeks to encourage innovation that seeks to encourage the earning of foreign exchange and does not place the burden on the backs of those who are least able to afford it,’ he said.”

Madam Speaker, he was the new mouthpiece of the PNM. Today, he has turned against the PNM also. [*Desk thumping*]

Madam Speaker, on behalf of the poor people of Trinidad and Tobago, on behalf of the 1.3 million people of Trinidad and Tobago, who we on the Opposition represent and will represent in Government again in the future, we say annul this VAT Order. Thank you. [*Desk thumping*]

I beg to move.

Mr. Ganga Singh (Chaguanas West): Madam Speaker, with respect, I wish to second the Motion before this House and reserve my right to speak on it.

Question proposed.

2.15 p.m.

The Minister of Finance (Hon. Colm Imbert): Thank you, Madam Speaker. I have listened to the Member for Tabaquite and he said a number of things on his way to moving outside the parameters of the Motion which is about Schedule 2 of the Value Added Tax Act, and let me read into the record the resolution:

“*Be it resolved* that the Value Added Tax (Amendment to Schedule 2) Order 2016 be annulled.”

And at no time, in his presentation, did he refer to the subject matter which is Legal Supplement Part B—Vol. 55, No. 17—29th January, 2016, Legal Notice No. 17, The Value Added Tax (Amendment to Schedule 2) Order, 2016. And this document, which contains approximately 10 pages, indicates the items that are exempt from VAT. So, since the Member for Tabaquite did not say anything about Legal Notice No. 17 which is the subject of the resolution, I think it is necessary that I read into the record for his edification and his colleagues—although I know they are very well aware—what this notice, this Order, that they seek to negative contains and it states as follows:

“2. Schedule 2 of the Value Added Tax is repealed and substituted by the following:

ZERO-RATING”

And the following items are zero-rated. Zero-rated means no VAT; exempt from VAT; “yuh doh” have to pay VAT on: unprocessed food of a kind fit for and used for human consumption. Unprocessed food is virtually every single item in the market, Madam Speaker: [*Desk thumping*] dried leguminous vegetables, provisions, meat, animals, fish. Virtually every single item in the market—I dare say everything—is unprocessed food of a kind used for human consumption.

In addition, the next item is rice which is exempt from VAT. Wheat flour, milk, margarine, white and whole wheat bread, baby formula and baby milk substitute, cheddar cheese and rennet free cheese, corned beef, curry, sardine, smoked herring, toilet paper, yeast, baking powder, uncooked and unstuffed pasta, brown sugar, vinegar, oatmeal, meal or cereal, dried leguminous vegetables. And it defines what unprocessed food means. It means:

“...that the food contains no additives and that it is not the result of the application of a process other than freezing, chilling or packaging...”

Milk refers to:

‘...fresh animal milk, dry or powdered milk, dry or powdered skimmed milk...evaporated milk...’

It also exempts any live bird, fish, crustacean, mollusc or any other animal of a kind used as, or yielding or producing, food for human consumption. Any draught animal is exempt. Animal feed is exempt. Seeds and other means of proration of plants that are used for providing food or animal feed are exempt. Preparations for agricultural use including fertilizers, et cetera, exempt. Self-propelled agricultural equipment, tractors, et cetera, exempt.

Water and sewerage services: So I could not understand all that tra-la-la from the Member about water. Water and sewerage services supplied by a public authority exempt from VAT. Bus services, exempt from VAT. Electric vehicles, hybrid vehicles of a particular capacity, exempt from VAT. Medicines and drugs of any kind available by prescription, exempt and then it goes on to speak about particular medicines: analgesics, cough and cold preparations, antacids, laxatives, oral rehydration preparations. Items for diabetics: diagnostic testing kits, devices for testing glucose, in-blood insulin, syringes, et cetera, exempt from VAT. Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, exempt from VAT and so on, Madam Speaker.

There are 10 pages of items here. Books, meaning workbooks, activity books, exercise books and other books for educational purposes and so on. I am not going to read all 10 pages but the fact of the matter is what we are debating today is an Order that exempts all of these items from VAT. And I listened to the very hysterical presentation of the Member for Tabaquite—full of histrionics as usual—and what that tells me is that, you know, this Government was advised, it was advised on what it should do about revenue collection and taxation and expenditure in Trinidad and Tobago but it failed to heed the advice. *[Interruption]* Sorry, the Government opposite, the Government that precedes us, failed to heed the advice. The now Opposition failed to heed the advice that they received with respect to taxation and revenue and expenditure.

And I refer to a report done for Trinidad and Tobago by the Fiscal Affairs Department of the International Monetary Fund authored by de Mooij, Swistak and Wingender—*[Interruption]* Yes, the information inside of here, you—*[Interruption]*

Mrs. Persad-Bissessar SC: What year was that?

Hon. C. Imbert: 2013 March. You were the Prime Minister then and I am sure that you did not read this, but I am sure the Minister of Finance read it. *[Desk thumping]* And what the report tells us very, very clearly is what had happened to the VAT regime in Trinidad and Tobago over the years after a number of populist measures were introduced attempting to win favour and get votes and so on.

But what essentially the past Government did, and they did it with their eyes wide open, is they destroyed the VAT collection base in Trinidad and Tobago. They destroyed it. This report is entitled: *Enhancing Revenue and Non-energy Growth: An Agenda For Comprehensive Tax Reform in Trinidad and Tobago*. They did not implement a single measure inside of here—not a single measure.

This is something done by technocrats where they look at what was happening in terms of tax collections in Trinidad and Tobago.

And in this report, Madam Speaker, they made the point that tax revenues depend heavily on the energy sector. Total tax revenue is about 27 per cent of total GDP—this was in 2013—direct taxes from the petroleum industry alone generate more than one-third of all tax revenue; income tax generates 13 per cent of total revenue and VAT yields almost 16 per cent of revenue or 7.6 per cent of GDP. So they had the information.

And compared to other countries in the region, Trinidad and Tobago fares very poorly in terms of consumption taxations. Taxes on goods and services are lower than in most countries with the VAT performing particularly poorly compared to other countries that levy VAT. Significantly less tax on international trade is collected in Trinidad and Tobago than in the average Caribbean country and they gave you the history for Antigua, the Bahamas, Barbados, Dominica, Grenada, Guyana, Montserrat, St. Kitts, St. Vincent, in terms of tax revenues and how they collect taxation. They made the statement:

Decades of incremental tax changes have created a complex tax system in Trinidad and Tobago that needs fundamental revision.

With respect to value added tax in particular, Madam Speaker, they made the point that our VAT efficiency revenue is currently 0.4 or 40 per cent. In other words, Trinidad and Tobago collects 40 per cent of the value added tax that it could collect compared to a country like New Zealand which collects 80 per cent of the potential VAT that it could collect.

On page 20 of this document—and you see, Madam Speaker, I have made the point before, this country has serious problems and it needs serious people to deal with the serious problems in this country. [*Desk thumping*] Not hysterics, not histrionics, not profligacy, not outright deception and untruths. That is not what we need in this country. We need serious people to deal with the serious problems that this country faces. [*Desk thumping*]

And in 2013, the Members opposite who were in Government then were told the following and this is factual:

Trinidad's value added tax system is far from a well-designed broad-based consumption tax. The VAT was introduced in 1990 according to the New Zealand model. Today, it deviates from generally accepted features of a value added tax in many ways. It zero-rates countless domestic supplies; exempts

too large a number of goods and services; provides for subjective relief; does not capture service imports. Indeed, the list of exemptions reaches beyond traditionally exempt goods and services. The efficiency and administration of value added tax is strongly compromised.

In 2012, 64 per cent of all sales were either zero rated or exempt. Fifty per cent of imports are not subject to VAT and the others that were, 73 per cent was zero-rated, 27 per cent exempt. Numerous tax preferences have deteriorated the tax base and seriously undermined VAT revenue productivity. They open avenues for tax evasion and leakage. This is reflected in the VAT (see efficiency ratio); the ratio of actual VAT collection to potential if all domestic consumption were taxed at a standard rate.

Despite a growing economy and improvements in tax administration, the efficiency ratio has not improved. Indeed, in the last decade, it has fluctuated around 0.4, significantly lower than many other countries of similar developmental level; lower than many Caricom countries.

So they had this information. They knew what needed to be done, especially when, from July 2014, the price of oil began to collapse. In July 2014, the price of oil was in excess of \$100; \$105 as a matter of fact in July, 2014. There, then, began a precipitous collapse of oil prices dropping down to \$80 by the time the 2015 Budget had been presented and by the time we, mercifully, took over the administration of this country, [*Desk thumping*] the price of oil had dropped to below \$45. But there was a precipitous decline from \$105 to \$45 between July 2014 and September 2015.

The collections from the oil sector dropped from approximately \$22 billion a year down to \$5 billion a year in 2015 down to the current estimates of about \$2 billion. They watched all of that going on. They saw the collapse of oil prices. They saw production declining of oil. They saw production drop from 100,000 barrels a day, when they came in, to 80,000 barrels a day when they went out. So they saw declining oil production. They saw declining natural gas production. They saw reductions in natural gas prices. They saw a precipitous collapse in oil prices. They saw a reduction in national revenue, national income of \$20 billion and they did absolutely nothing about reforming revenue collection in Trinidad and Tobago and reforming our tax base and dealing with collection of taxation.

2.30 p.m.

Now they come, after they have lost the election. I ask them: “why dey didn’t say that before? Dey say tax cigarette, tax alcohol and tax motor vehicles.” That is the suggestion that the hon. Member for Tabaquite has put into this Parliament this afternoon. “Why yuh didn’t tell the population that if you return to office yuh going tuh tax cigarette, tax alcohol and tax cars? Why yuh didn’t tell the population that?” Instead, they maxed out the overdraft at the Central Bank. They ran it for a whole year, a whole year. They brought it up to the maximum in January 2015, and kept it up there, close to the maximum.

Madam Speaker, [*Continuous crosstalk*] actually, yes, I would like your protection, please.

Madam Speaker: Hon. Members, could we have some order so that the Member could make his contribution, please? Continue.

Hon. C. Imbert: Madam Speaker, in their desperation to win the election they just gave away. They gave away. [*Desk thumping*]

The price of public housing, under the PNM, it costs \$350,000 per unit. Under them, \$1.3 million in their little short five-year period. They quadrupled, quadrupled, the cost of a basic HDC unit, from \$350,000 to \$1.3 million. That is just an example. [*Cell phone rings*]

Madam Speaker: Members, could you please control your electronic devices.

Hon. C. Imbert: That is an example of their profligacy, an example of their profligacy. I am just giving you one example. They maxed out the overdraft when they realized they had no more cash in the Central Bank, because when you hit that \$9 billion overdraft limit, the Central Bank turns off the tap and you can no longer get cash to pay salaries and to pay for basic goods and services, for health care, for welfare relief. Once it hits that \$9 billion, the Central Bank will turn off for pensions. So when they hit the \$9 billion, do you know what they did? They went outside and they authorized state enterprises to borrow \$4 billion in fiscal 2015, in their desperation to win the 2015 election.

I can speak with authority today that the hon. Member for Siparia personally authorized a \$1.6 billion loan for T&TEC, 10 days before the general election. Madam Speaker, \$1.6 billion for T&TEC 10 days before the general election. And guess what? Guess what? That was done on August 27, or thereabouts, personally authorized by the Member for Siparia, \$1.6 billion. And do you know

when that loan matured, Madam Speaker? It matured on February 28, 2016. That is a six-month loan.

One of the things we have to keep doing in the Ministry of Finance, Madam Speaker, is every other week I am informed of a short-term loan in the billions of dollars entered into by the last administration in their dying days, on the eve of the general election, and all of these things are maturing in November, in December, in January and in February, Madam Speaker. I just had to reschedule that \$1.6 billion facility. That is what they did to this country. But they had experts telling them that this is all unsustainable. The experts were telling them that.

Look at the collapse in commodity prices. Look at where your revenue comes from. Disaggregate your revenue. You will see that your revenue is coming from the oil companies, from the gas-based industries, from the petrochemical companies, and so on. And then look into the non-oil sector and you see it comes from the service sector, from the financial sector, from the manufacturing sector. Look at your revenue base—that is what the experts were telling them for five years—and understand from 2014 that you had a collapse of commodity prices and do something about revenue collection and reforming taxation in Trinidad and Tobago and increasing collections, improving compliance. Deal with it. That is what they were being told. But no, “dey aint do dat.” They did nothing! All they did is pander to populism in naked electioneering in that last two years, in their desperation to continue raping the Treasury in this country, Madam Speaker. Thank God the population got rid of them. Thank God the population got rid of them. [*Desk thumping*]

But let us look now, again, at what they were told, Madam Speaker. They were told that there is absolutely no point in having a consumption tax that only collects 40 per cent of the potential tax that they can collect. They were told that if you want to target the underprivileged groups, do not interfere with your revenue collection regime—simplify it, maximize collections and then target the poor and the underprivileged in terms of subsidies and in terms of grants, and so on. [*Desk thumping*] That is what every sensible government does. Not them, they decide to be populist. They come and take off 7,000 food items and the price did not drop, Madam Speaker. They took off 7,000 items and the price went up. That is their record. That is their record.

The point is, what are they about today? They come and say negative the Order. There is a \$25 billion financing gap between revenue and expenditure in fiscal 2016. That is the reality. It was about \$21 billion, and with the decline and collapse in commodity prices, we are talking about a \$24 billion or \$25 billion

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gap. What they want us to do? We have come with a measure to streamline and improve our VAT regime, trying to get our VAT efficiency ratio up to perhaps 60 per cent, which is a desirable level.

What they want us to do? We are supposed to put blinkers on our eyes and continue with this outmoded, inefficient, incompetent VAT system that they have introduced in this country over that 2010 to 2015 period, where you have cheating. Because the more items you have on the exempt list, Madam Speaker, the more opportunities there are for people to cheat, to mislabel, to typify items in a different category, to put them in a different classification. That is what they want us to do.

The whole world has consumption taxes, which are efficient, which try to collect as much consumption tax as possible. They had us in a situation where we are trying to collect as little VAT as possible. And that is why this Motion is destined to fail, because this Motion is based on froth. It is not based on science, it is not based on substance. [*Desk thumping*] There is no planning here. There is no planning here. This is just pure histrionics. Their solution for taxation in this country is tax alcohol, cigarette and cars. That is what they want us to do: tax cigarette, alcohol and cars, Madam Speaker.

Now, it is worth repeating that when you are dealing with an issue like this you need to have your facts and you need to be scientific, Madam Speaker, and we did a calculation based on the average household income in Trinidad and Tobago. The Member has told us—I do not know if his facts are correct but he has told us—that 60 per cent of people in Trinidad and Tobago earn less than \$6,000 a month. What we found, based on surveys, is that approximately one-third of the population earn between \$3,000 and \$7000 a month, and we looked at the typical basket of goods that a household would buy in that income group, and I will tell you what it is: white bread, brown rice, flour, macaroni, corn flakes, Crix biscuits, meat of different varieties, fish, canned food, full cream milk, and so on, cheese, eggs, margarine, oil; all of the items, tomatoes, carrots, all the vegetables, potatoes, sugar, onions, ketchup, mayonnaise, baby formula, coffee, carbonated soft drinks, oranges, and so on. We did an examination, Madam Speaker, and what we found was that when you look at the items that are on this list, which the Member did not look at and would not like the population to realize, that includes unprocessed foods: rice, flour, milk, et cetera. When you take these items, which are exempt from VAT, and you take the other items on this list which I just called out, which would now attract a rate of 12.5 per cent, the percentage increase in the food bill was approximately 6.97 per cent.

And even the example given by the hon. Member—in his quest to be hysterical, he gave us an example that there was a particular individual, I think he said it was a pensioner, who purchased \$1,600 a month in groceries and he said that the pensioner's bill had gone up by \$100. Well for his information, 7 per cent of \$1,600 is \$100. So his example has confirmed and proved the arithmetic of the Ministry of Finance. [*Desk thumping*]

Mr. Al-Rawi: He cannot think that far.

Hon. C. Imbert: Yeah, he cannot think that far, I agree. But the point is—[*Interruption*—of course and I will come to that in a short while—for those who receive both the old-age pension and the national insurance pension, this Government, as part of a manifesto promise and a budget measure, has—in December of 2015, not this year, December 2015—from December 01, we increased the cap on persons who are in receipt of both the senior citizens pension and the NIS pension from \$4,500 a month to \$5,000 a month; an increase of \$500 per month. So that if the bill has gone up by 100, then that particular individual, if they are in receipt of both NIS and Senior Citizens Grant, would get a net increase of \$400 a month. [*Desk thumping*] I mean, I cannot understand the lack of science of the Members opposite. No science on that side, Madam Speaker, just hysterical histrionics. That is all we get from them.

Mr. Al-Rawi: It is embarrassing, man.

Hon. C. Imbert: Yes, I agree with my colleague, it is embarrassing. It is embarrassing. You have a \$25 billion gap between expenditure and revenue. “What yuh want us to do?” What we going to do to collect \$25 billion? What we going to do? You want us to retrench people? You want us to cut people's salaries? What you want us to do? Because that is what you are telling us to do. That is what the Opposition is telling us to do. [*Desk thumping*] There is an unfinanced gap and the only way to close that gap is tax alcohol, tax cigarette, tax cars and take other measures, which would inevitably lead to retrenchment and reduction in people's wages. “We not going to do that. We not going to do that.” [*Desk thumping*]

This is a responsible Government and we have mapped out a five-year, medium-term, economic development plan for Trinidad and Tobago, unlike you. When our bond rating was downgraded by Moody's two years ago they made two points that are of interest, three:

- You had no debt management strategy;

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- You had no medium-term economic framework; and
- You had no data.

And what has this Government done since coming in? We have set the framework, under the Minister of Planning, for the establishment of a quasi-independent statistical institute, Madam Speaker. [*Desk thumping*] We have done it! [*Desk thumping*] We have done it.

We have established a high-powered task force to establish the framework for the statistical institute, and under this administration, a high-quality statistical institute will be created in Trinidad and Tobago—is being created—will be commissioned and it will comprise people from academia, people from the private sector, people from the public sector. And for the first time in several years in Trinidad and Tobago, Trinidad and Tobago will have real-time hard scientific, economic and other data, Madam Speaker. But you had no plan.

We have a five-year plan. You had no plan. Your plan was to “buss de Treasury”, [*Desk thumping*] “scrape out all de money, scrape out all de money” in NGC—[*Interruption*]

2.45 p.m.

Hon. Member: “And spin de wheel.”

Hon. C. Imbert: “Spin de wheel”, inflate prices [*Interruption*] for the cost of goods and services—[*Interruption*]

Madam Speaker: Hon. Member for Diego Martin North/East, your 30 minutes have expired. You are entitled to 15 more minutes, if you wish.

Hon. C. Imbert: Yes, I do.

Madam Speaker: You may proceed.

Hon. C. Imbert: [*Desk thumping*] Thank you very much. So the plan of the hon. Members opposite was to “mash up de overdraft in de Central Bank”, take out all “de money” from National Gas Company—[*Interruption*]

Mr. Charles: Standing Order 48(1).

Hon. Member: Sit down.

Madam Speaker: You may proceed. I do not see the irrelevance based on the presentation that was made. [*Crosstalk*]

Hon. C. Imbert: Madam Speaker, the point I made—[*Interruption*]

Madam Speaker: Please proceed, hon. Member.

Hon. C. Imbert: Thank you, Madam Speaker. I need to repeat, there is no science on that side, [*Desk thumping*] no science, no mathematics.

Mr. Charles: Standing Order 48(4).

Madam Speaker: You may proceed, hon. Member for Diego Martin North/East.

Hon. C. Imbert: “De wheel spinner” is at it again. [*Laughter and desk thumping*] The fact of the matter is, their plan was to bankrupt this country and to make it very difficult for the incoming PNM administration, but what they did not realize, we had a plan and we are implementing our plan. [*Desk thumping*]

So we are creating the statistical institute. We are developing the medium-term, macro-economic framework. In fact, the target that has been set for the medium-term, macro-economic framework, the five-year plan for Trinidad and Tobago, medium term, is September 30, 2016. So when I come to present this year’s budget, Madam Speaker, I will be unrolling the medium-term, economic framework together with my colleague, from the Ministry of Planning and Development. [*Desk thumping*] So we are doing what you were told to do, but refused to do.

So there were three things: no debt-management strategy on their side. They increased the public debt from below \$50 billion, to over \$70 billion in their tenure. They just borrowed “like dey mad”, with no plan. [*Interruption*] What can you see for this \$25 billion or \$30 billion that they borrowed under their tenure? And this is why as part of our economic planning, as part of our requirement to increase revenue collection from the non-oil sector—because even though commodity prices may recover, Madam Speaker, you have seen a recovery over the last two months of the price of West Texas Intermediate oil from \$28 to \$38. So there has been a substantial recovery. It is still \$7 below the budget figure of \$45, and it is still considerably below the price that this country requires in order to maintain its expenditure, if you do not have a move away from dependence on the energy sector.

So this Government—there are several industries in this country which are net foreign exchange earners, the food and beverage industry in particular. We have manufacturers in this country who are net earners of foreign exchange. [*Desk thumping*] They have already maxed out in the Caribbean and they are now penetrating Central and South America, Madam Speaker, and trying to go further

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afield into other markets. This Government is going to support that manufacturing sector [*Desk thumping*] in terms of getting greater export penetration into the Central and South America areas and further afield into the rest of the world. So this is what we are about, Madam Speaker. While I am on that, may I announce today that the date of the mid-year review will be Friday, April 08. [*Desk thumping*]

If one reads our manifesto very carefully, you would see all of the macro-economic plans of the People's National Movement, which we are implementing. We are dealing with compliance at the income-tax level, at the consumption-tax level. We are looking at transfer pricing, another thing that they know about. They know about it, but they were afraid to deal with it. And let me explain what transfer pricing is. It is a technique used by multinational companies, where they set up dummy corporations in other jurisdictions, and they charge large expenses to the operation here in Trinidad and Tobago. So there is a lot of leakage.

So you would have a company set up in the Cayman Islands or the Seychelles or wherever, and it would be charging an expense to the company here in Trinidad and Tobago, and the expense would not be a legitimate expense, but it goes on the books as an expense, and reduces the tax revenue available to Trinidad and Tobago. And this country is going to implement transfer pricing legislation in this calendar year, Madam Speaker. [*Desk thumping*]

Jamaica, in the region—Jamaica enacted transfer-pricing regulations in December of 2015, and if Jamaica could do that, and they do not have the profile of multinational corporations operating in Jamaica, the way we have in Trinidad and Tobago, in terms of revenue and the effect on taxation. If Jamaica could enact transfer-pricing regulations, why did they not do that in the 2010—2015 period that they were in Government, and deal with tax leakage, money just leaking out of this country, because of transfer pricing? So that is another serious plank in our fiscal model, to increase revenue collection and to improve compliance and taxation, Madam Speaker. I did not hear a word out of the Members opposite in the five years that they were here, in any budget statement, did I hear any philosophy from them to deal with improving compliance, improving revenue collection, looking for new areas of revenue generation. Not a word out of them, Madam Speaker!

I will give you an example. The land and building taxes—they brought a Land and Building Taxes Bill into this Parliament and allowed it to lapse. They thought they could get so much populism out of that, that they lost this country at least \$1 billion in revenue over that five-year period, in terms of land and building taxes.

They just kept avoiding and postponing and amending the legislation to avoid the payment of land and building taxes. That is a revenue source. Every progressive country in the world has land and building taxes. It is an equitable tax. It is a progressive tax, and even in this report, they were told how to do it.

They were told if you want to implement the property tax or the land and building tax regime, do an exemption for people at the lower income levels. The IMF told them that, so you do not have any burden on the poor and people on fixed incomes. That is how you deal—that is how a progressive country deals with property tax, Madam Speaker. [*Desk thumping*] But they are so incompetent and so caught up with profligacy, sqandermania, irrational speaking—spending, irrational speaking as well. [*Laughter*] They were engaged in irrational spending, so caught up with themselves, spending money they did not have, mortgaging the future generations of this country, bankrupting the Treasury. Just spend, spend, spend, spend, spend, spend; that is all they did, and did not deal with improving our revenue collection situation. Irresponsible, reckless, that is what they were.

So I reject this Motion, Madam Speaker. We are going to improve [*Continuous desk thumping*] VAT collection, and we will use the money like every other intelligent country in the world. We will improve the collections from consumption taxes and we will use the money that we get from that, to target the poor and the underprivileged, and give succour and help to the people at the lower end of the income scale, but we are not going to get involved in their reckless, incompetent approach to economic management. I thank you, Madam Speaker. [*Desk thumping*]

Dr. Bhoendradatt Tewarie (*Caroni Central*): Madam Speaker, I listened to the Member for Diego Martin North/East and Minister of Finance almost in disbelief. I listened in disbelief [*Interruption*] because he presented again, all the misinformation he presented [*Desk thumping*] when he made his budget speech here at the beginning of the parliamentary term, and you could see as he proceeded in his talk, that he was making up and stitching and forming as he went along. [*Desk thumping*]

What he has done today is absolutely scandalous in the context of information that is available in the public accounts, that is the first thing, and secondly, the facts of the energy sector. Thirdly, the facts relating to the statistical institute—and I noticed the Minister of Planning and Development is also part of that misleading of the country—the facts having to do with management of revenue generation, and the facts having to do with transfer pricing.

They would not be able to come in this House and talk about a statistical institute in Trinidad and Tobago, had we not put that in place in 2014 and 2015, [*Desk thumping*] and the Minister knows that. The documents are there. The Cabinet Notes are there, all the information is there. When you talk about the business of transfer pricing, you could not come in this House and talk about transfer pricing, if you did not have the master plan that was done for the last Minister of Energy and Energy Affairs, [*Desk thumping*] and which analysed this issue of transfer pricing, and which we discussed in the Energy Committee in the last few months of the administration in 2015. [*Desk thumping*]

And you could not come to this House and talk about debt-management strategy and running up the debt in this country, when you know for certain what the debt-to-GDP ratio was at the end of our term. When you look at the document written from the Central Bank, which I have in my possession, and which I will, in fact, share with the community today, what we have been witnessing for the last six months, in the face of absolute and total inaction, absolute and total ineffectiveness as a Government is, in fact, a series of distortions and misinformation, [*Desk thumping*] which seek to rewrite the last five years of history, and which seek to create a platform of this Government as if they were starting fresh to write policy in Trinidad and Tobago. [*Desk thumping*]

When we come here today, we are not against VAT, Madam Speaker, and we are not against the effective administration of VAT. We are not against revenue generating measures. We are not against the reduction of VAT to 12½ per cent. We are against the increase of VAT by 12½ per cent on most zero-rated items, [*Desk thumping*] 23,000 of them and no amount of mentioning of five or six items, which have emotional appeal, is going to wipe away the 12½ per cent on 23,000 items. [*Desk thumping*]

I want to share something with you. He comes back here with this matter of the Central Bank overdraft. The Central Bank overdraft, yes, we ran it up by \$9 billion. The hon. Prime Minister for the first time in the history of the last six months actually told the country the truth. He told the citizens that the country was not bankrupt. Trinidad and Tobago is not bankrupt. We have a cash-flow problem. [*Desk thumping*] And the cash-flow problem that we began around January 2015, and the January 2015 scenario was one which forced this Government and the Prime Minister at the time, Mrs. Kamla Persad-Bissessar, to go before the nation and say: “We are cutting the budget by \$4½ billion. We are moving petroleum prices to—pegging it at \$45. We are moving gas prices to \$2.25 and basically, we are in a new situation, but we will send no one home and

we will not cut salaries, and we are going to manage the situation”. [*Desk thumping*]

3.00 p.m.

In that scenario, we ran up the overdraft in the Central Bank to the tune of \$9 billion, but we had \$13 billion coming in. [*Desk thumping*] Anybody who knows how an overdraft works, knows that you have a limit, you can run it up to the limit. The main thing is that you must have cash flows coming in to wipe it out. [*Desk thumping*] The \$1.5 billion from the Phoenix Park Gas Processors shares would have come in; the money from TGU would have come in, about \$4 billion; the taxes would have come in about just over \$6 billion, close to September, the third quarter. [*Desk thumping*] We had an extra loan of about \$1 billion and we had another \$500 million coming in from another state enterprise. The end result—the TGU money would have been coming in too, about \$4 billion—is when you add all of them together you have \$13 billion. You would have cleared the \$9 billion overdraft and you would have had \$4 billion extra [*Desk thumping*] and that would have gone towards the first tranche payment of the public servants in the country.

So when you are managing the economy you have to manage the expenditure; you have to manage the income; you have to manage the deficit; you have to manage the day-to-day controls of your expenditure; but in this situation where your revenue has basically been busted by a global change in the energy industry worldwide, you have to manage the cash flow in your economy day by day.

I want to say for the benefit of the public, the citizens listening, Mr. Larry Howai, the former Minister of Finance of this country, made it his business to go in to brief the current Minister of Finance, the Member for Diego Martin North/East, and to share with him everything [*Desk thumping*] but they botched up the cash flows for whatever reason. I have my suspicions and I will share my suspicions here, because I anticipate when he comes in April he is going to do exactly what I am saying here. He botched up the scenario so that he could come and cuss about \$9 billion, Madam Speaker, and get on and rant and rave in Rumpelstiltskin fashion [*Desk thumping and laughter*] and he actually has done that on every available occasion.

One of the reasons he botched it up—there could only be two reasons: either he made a genuine mistake, perhaps he did not understand, but I do not think he does not understand because the Minister of Finance is quite alert. So he would have understood, he would have known what was going on. What they are trying

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to do really is to prevent the cash flows from 2015 from flowing into the revenue accounts of 2015 so that they can inflate the deficit for that year, because that number has not come here yet to the Trinidad and Tobago Parliament. What they are therefore doing is that they are moving it into the 2016 accounts—I will know when they come here in April—so that the 2016 numbers are going to look better. This kind of misleading information and fudging of information and manipulation of the public accounts [*Desk thumping*] is not appropriate for a democracy such as Trinidad and Tobago. [*Desk thumping*]

Hon. Member: Fraud!

Dr. B. Tewarie: I want to talk about the energy situation. That is the other thing that he mentioned. I want to show you what the energy situation was; just bear with me a little bit. [*Searches through papers*] I cannot find it here, but I know it well enough. Basically, in 2005 you had a situation in which the drop in the number of barrels was about 20 million, if I am not mistaken. I do not want to give the wrong information. [*Crosstalk*]

Hon. Member: 145,000.

Dr. B. Tewarie: One hundred and forty-five thousand (145,000). That is the number. From about 145,000 it dropped to about 90,000 barrels, and then it got down to about 80,000 by the time we were there in 2010. If you look at the situation now, you will see that the production is up to the 80,000 of 2010. The reason that happened is a very simple reason why that happened. There was no investment; there was no drilling; there was no exploration under the last administration—their administration before our administration in 2010—and the end result was that production began to slump systematically.

Now, I want to say this. Based on the decisions made by our Government based on negotiations with the oil companies at that time, which they are now trying to say were bad decisions, what has happened was that that is what led to the investment in Juniper. Juniper is going to begin to yield gas in this country in 2017, early 2018. It was the decisions that were made in 2010, 2011, 2012 and 2013 that led to those investments. [*Desk thumping*] We did not, as a Government create the conditions under which the price of oil fell; we did not, as a Government, create the conditions in which the production fell. That was done by your Government.

The oil price situation was done by the intervention of the Saudi Arabians in a geopolitical situation in which the entire gas and oil scenario was changing and the United States was going to become the major exporter and producer of gas in

the world. That is beyond our call. But you caused the drop in production by your lack of incentives to allow the business sector in energy to invest. We changed that and because of that we are going to have oil and gas in 2017. We are also going to have opportunities as far ahead as 2023, and that could be quite significant in this country, and these were the decisions taken by our People's Partnership Government. So do not come here and talk about profligate spending; do not come here and talk about mismanagement; do not talk about waste; do not talk about planning. We were doing the planning by action. [*Desk thumping*]

And the thing about the statistical institute, I cannot believe the brazenness of these Ministers on the other side. The statistical institute was a decision taken by Cabinet, I think around the middle of 2014. We appointed a leadership team with terms of reference and all the things done. That was not done simply because we were the Government, it was done because we had a set of reports by the Swedish consultants that said certain things, recommended certain things, and we had a process to do it.

There were thousands of people in the CSO who had no tenure whatsoever, having worked for sometimes over 26 years in the CSO. We did all of that. We solved all of those problems for those citizens, for those workers in the public sector, because we cared about them. And even though it was coming to the end of our term, we did not think about that. What we thought about was what was the right thing to do and we did that. We found a home for the Central Statistical Office on Frederick Street. [*Desk thumping*] We put them in there, we moved them in there. We found another home for them on Park Street. We did all that was required. If you are able to do anything now it is because of all the painstaking work we did in order to establish the transitional arrangements and transformational arrangements for the CSO. [*Desk thumping*]

In talking about the CSO, by the way, I have not heard an unemployment statistic from the CSO since I left the Ministry. The second thing I want to say is that I have not heard one inflation report from the CSO since I left the Ministry. Now, I know they were doing this stuff because they were up to date at the time that I left. We had worked with the IMF to get technical support; we had worked with all the institutions internationally, and we had begun the process of transformation of the basis of the inflation data and we had caught up with the unemployment statistics up to the middle I think of 2015 at the time. So we should, by now, have had the third quarter and in a month we should have the fourth quarter. Usually the Central Bank would be given the data by the CSO and they would announce the data in their quarterly reports. I have not seen any of that since September 07,

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2015, I want to say. So do not talk to me about—do not raise issues about efficiency and effectiveness and so on, related to the statistical institute.

About the debt management strategy, I said I would read from an unassailable source. I think it is important to say that. I think it is important, very important indeed. This is the *Economic Bulletin Volume XV No. 2*. Pages 93 to 102 is what I have in my hand, and I want to read about the debt scenario in terms of this particular document which comes out of the Central Bank. [*Cell phone rings*]

Madam Speaker: Please turn off that phone.

Dr. B. Tewarie: This is on page 99.

“Trinidad and Tobago’s public sector debt to GDP ratio...increased from 24.4 per cent in FY2008 to 34.1 per cent in FY2009...”

Okay?

“...and by FY2012 it had reached 44.5 per cent. Unlike the experience of most countries in the region...”

This is a time when Barbados debt to GDP ratio was 125 per cent when most of the other countries in the Caribbean were 100 per cent plus, and some of them were in the 90s.

“Unlike the experience of most countries in the region, the main impetus for the rise in the debt was the Government’s bailout to CLICO rather than borrowing for deficit financing.” [*Desk thumping*]

You are a bunch of improvisers over there, man.

3.15 p.m.

“Unlike the experience of most countries in the region...”

Madam Speaker, I repeat:

“the main impetus for the rise in the debt was the Government’s bailout to CLICO rather than borrowing for deficit financing.” [*Desk thumping*] “Whilst Government intervention helped to prevent a systemic crisis, the fiscal cost of the bailout was significant. The Government had initially envisaged...”

Listen to this, Madam Speaker, and they come to talk about irresponsibility and lack of management, and so on, of the economy:

“The Government had initially envisaged a...cost of \$11.9 billion (8.6 per cent of GDP), but the cost incurred as at the end of FY2012 amounted to \$19.7 billion (13.5 per cent of the country’s GDP)...”

And do you know what it ended up as? It ended up from \$11 billion to nearly \$26 billion. That is what the cost of the bailout was, and you are coming here to talk about debt management strategy. When we left, the debt-to-GDP ratio was less than 43 per cent. [*Desk thumping*]

I want to say, Madam Speaker, and I want to deal a little bit with this business of VAT, [*Crosstalk*] because I want to say that it is clear that the position of the Minister of Finance, in his presentation, is not accurate on the question of the Central Bank—[*Interruption*]

Madam Speaker: Hon. Members, I would like to hear the contribution from the Member on his legs, please.

Dr. B. Tewarie: The Minister of Finance was not correct, nor was he truthful, nor did he give the proper context when he gave the situation of the overdraft of the Central Bank. He was not correct, nor was he truthful, nor was he accurate about the information about the Central Statistical Office and the statistical institute. He was not correct, nor was he accurate when we talked about the debt strategy of the Government, and the lack of one by the last Government, and he also was not correct on the issue of revenue generation, but I will come to that in a minute.

Let me tell you what this VAT legislation does, which we are trying to annul, as I said, not because it is a reduction, not because we are against VAT, not because we are against anything that is positive in it, but we are against the 23,000 items [*Desk thumping*] that were zero-rated that are now being taxed. The Member for Tabaquite used some information and said that there was \$100 increase in a bag of goods, a basket of goods bought at a certain supermarket in this country. That is \$100—[*Interruption*]

Mrs. Persad-Bissessar SC: He said, \$106.

Dr. B. Tewarie: One hundred and six dollars, okay. But I want to say that was an increase. If you go for a meal in a fancy restaurant and it cost you \$2,000, and you are paying 2½ less on it, that is in fact a \$50 boon for the person who is buying the \$2,000 of food in the restaurant. I want to say that if you buy a flat screen TV for \$10,000, the 2½ per cent reduction is going to save you \$250. I want to say that if you buy a luxury SUV, the 2½ per cent might save you \$20,000,

and that is because of the 2½ per cent reduction.

When you look at the other side you are seeing that for a smaller income, a tighter income on the part of the individual, what you are going to see really is what seems like a small dollar increase to them but what is going to make a very big and significant impact on their pocketbook. It is going to make a big difference to them. The difference here is that in the VAT system that you have now created, those people who are doing better, who are better able to pay, are going to basically benefit from the system, not that they are not going to pay VAT, not that they are not going to contribute to revenue, but those people who are least able to pay, the vulnerable, the poor, the working poor, single mothers; all of these people are going to have to pay more for things that are very, very basic for them.

So I have a serious problem with the zero-rated items that have been brought into the 12½ per cent net. I do not feel that is right, that is reasonable, and I do not think that it is well thought out. The Minister said that it was because of the fact that they were serious people; that we got recommendations and we did not do anything else, and they were very serious people, but the recommendations came from the IMF. The recommendations of the IMF were about comprehensive coverage, avoidance of leakage, tax efficiency, without a concern for the impact on those least able to bear it, and we had to have some consideration about how we did it. It is easy for the IMF to say, you need this efficient policy across the board regardless of how it hits people and then you could deal with the vulnerable by some other policy measure; it is another thing to do it just so and drop it on them. [*Desk thumping*]

It was not that we did not know or that we were not serious, or we did not understand, it was all the other calculations. And it was not only about populist measures, it was the comprehensive set of policies that were necessary in a situation in which we were moving from the 4.4. per cent decline in 2008/2009, trying to make growth happen. Creating employment, we brought unemployment down to 3.4 per cent. [*Desk thumping*] Managing inflation, we brought food inflation down to its lowest ever for decades in this country. [*Desk thumping*]. We brought inflation down in this country, across the board, not just food inflation. We basically managed this economy with all of these things, understanding that the multiple impact and effects on people are not the same for all—103.

It makes a difference whether you live in Westmoorings or you live in East Port of Spain, and whether you are working for a big energy corporation or if you

are working on URP. It makes a big difference how you manage these things. [Desk thumping] So “doh” come and lecture “we” here today on tax efficiency, on the merits of tax efficiency. We understand the merits of tax efficiency, but you have to get a series of things right now, and that is why we are angry about this VAT strategy, because all the talk about policy, I do not see how it fits into any policy that I have heard articulated by that Government. [Desk thumping]

Now, let me look at the business of that same document from the Central Bank, I think it has something on fiscal performance on the VAT here. [Interruption]

Madam Speaker: Hon. Member, your 30 minutes have expired, you are entitled to a further 15 minutes if you wish to avail yourself of it.

Dr. B. Tewarie: Thank you very much, Madam Speaker. With your permission I would like to go on for the further 15. All right, let me read here, this is page 98. It is the same document, *Economic Bulletin, Vol. XV, No. 2*:

“...the Government”—sought—“to implement measures to balance the twin goals of improving revenue collections and stimulating economic growth.”

This is what we tried to do.

“Some of the major measures are discussed in the following paragraphs.

On the revenue side, the fiscal authority reviewed the tax rates and allowances to the energy sector to increase exploration and production.”

That is what I was talking about, “all yuh ent give dem no incentive, all yuh ent geh no investment, no drilling, no nothing.” [Desk thumping]

I want to say something about this—you know what we did with the energy companies? We sat down with the energy companies, mostly the Minister of Finance and the Minister of Energy, and they sat down and they said, “What is the return that would make you invest?” And they said, “We want a return of 15 per cent”, and we worked with them to make sure that they could get that 15 per cent margin so that we could get \$2 billion of investment annually, [Desk thumping] in 2012, 2013, 2014, and I do not know what the figure is in 2015.

So:

“On the revenue side, the fiscal authority reviewed the tax rates and allowances to the energy sector to increase exploration and production. In

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addition, the government diversified its natural gas cargoes from the United States to higher priced markets in Argentina, Europe and Japan. There were also initiatives geared towards improving the revenue collections from the non-energy sector. The Customs and Excise Division introduced...Automated System for Customs Data (ASYCUDA). Additionally, there were two (2) tax amnesties in...2009...”

And that was under your Government.

“and”—then—“...2011 for tax penalties and interest owed on late payment of income, corporation...” et cetera, which increased the revenues.

“These measures coupled with the recovery in energy prices helped to improve the fiscal position in Trinidad and Tobago but the return to positive balances and economic growth has been slower than anticipated. Total revenue rose from 29 per cent of GDP in...2009 to 32 per cent of GDP in...2012. The changes in the energy sector taxation regime...allowances are expected to positively impact both exploration and production over the medium-term (3-5 years).” [*Desk thumping*]

And I mentioned Juniper.

“Non-energy revenue also recovered but at a slower pace than energy receipts and grew by 13.4 per cent during...2009—2012. This”—revenue—“was reflected in VAT collections (23.2 per cent)...”

It improved:

“income and profits (18 per cent) and taxes on international trade (21.7 per cent). Some of these increases were due to the improved tax administration (...ASYCUDA system), the settlement of outstanding wage negotiations (which led to an increase in individual income tax collections)...” and “greater collections from non-energy companies, higher import duties and tax amnesties administered...”

So the question is, do you tax more first or do you make your system more efficient and effective first—the revenue collection system, the effectiveness of the system? And we chose not to slap a lash on people but to manage the system and make it more efficient, [*Desk thumping*] because we knew that at the end of the day, and especially after January, we would have to look at the entire fiscal regime in Trinidad and Tobago and address the situation in a balanced way so that

you make an equitable system for Trinidad and Tobago in which the poor could be able to survive and be able to help themselves, and to sustain their incomes and their livelihoods and build their families and their homes, send their children to school, make sure they are in good health and do all right, and in which the rich could make a little greater contribution to the society in various ways.

3.30 p.m.

And basically that was our thinking. That is how we think about the thing. And we were not going to tax motor cars and alcohol and cigarettes as you said. In five years we did not do that. [*Desk thumping*] So, we did not tax anybody on anything. Now that does not mean that there is no need for taxes, there is no need for revenue measures, et cetera, but what we are concerned about is with the manner you are going about it willy-nilly without any strategy or plan, without any context just because the IMF tells you it would be more efficient, and come in here and you are trying really to fool us and tell us you have a plan and a policy. “Ah waiting for all yuh in April”. [*Desk thumping*]

Now, I want to say, Madam Speaker, I know I do not have much time left, but I do want to say that, you know, Trinidad and Tobago after six months of this Government, Madam Speaker, finds itself in a very difficult situation. We have no policy; we have a lash on the poor and the vulnerable; we have no confidence in the economy by the people who are likely to invest; we have no confidence in the consumer. This situation would really be farcical if it were not so tragic, given the challenging state of affairs across the globe and here at home in Trinidad and Tobago.

Government is serious business. The Minister is right. Government is serious business, but this Government is not serious. They spent the first four months blaming the People’s Partnership for everything under the sun as if we were responsible for the drop in oil and gas prices in the world, and the last two months as a Government you have spent defending yourself from allegations of wrongdoing. [*Desk thumping*] You see how nice it is now. You think this might just be the law of karma playing itself out? And I know it is going to get worse. It can only get worse. Habit is habit. There is no way it will get better and the arrogance will get worse.

What did the Minister of Finance say, that the Motion to annul VAT is an act of futility? Well it depends. The Government has the majority and they can always vote against it, but we are making a point about the futility of what is

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essentially backward thinking. [*Desk thumping*] Which Government in this day and age taxes books and computers, man, really? [*Desk thumping*] Okay? Which Government in this day and age when it goes to cut, cuts education first, eh? We are not saying not to cut spending. We are not saying not to be judicious about the way in which you manage the finances, but you must have some priorities. But it is the backward thinking that is futile. Your strategy to blame the last Government is now beginning to backfire. And now you have to go straightforward to the country and present what you are going to do to take us out of this situation. And what is the futility is really to use VAT as a revenue-raising strategy with scant regard for the financial, human, social and psychological consequences that are going to accrue.

Now, I want to say that we are at a point in this country where we really need to move the country forward, and we need policy that is equitable and fair and that has care and compassion in it. We also need policies that take into account that we are no longer an energy economy, except for the finds that we are going to have in the next few years; that our revenues have dropped and the diversification agenda is as urgent as it needs to be, more urgent than ever and there are many things that we need to do. And the beginning of policy cannot be with VAT as your major measure. And if VAT as your major measure focuses on the poor and the vulnerable, we want to know the other things that you are going to do. What are you going to do?

In the last situation if you look at the budgets you will see that our budget for 2015 was \$63 billion. Out of that we cut \$4½ billion, and in terms of spending we spent significantly less. This is not something I am pulling out of a hat, we brought the accounts here in 2015. You brought it, in which it showed that we stayed within budget and we varied under the budget. [*Desk thumping*] And this, despite the election year, there was no significantly larger spending on anything. We spent the money on roads, [*Desk thumping*] on hospitals, on whatever it is. Okay?

And the first thing this Government should have done when it came into office was to understand that if the last Government budgeted at \$63 billion, and in January of that fiscal year they had to bring it down by four and a half, and they had to manage cash flow day by day, and the Minister of Finance had the benefit of our former Minister of Finance and the Economy telling him, listen this is the cash flow situation. This is what you have to manage. This is how you have to organize. They should have understood that the first thing you do is not bring a budget of \$63 billion. [*Desk thumping*]

So that instead of looking at the revenue side because you are blaming us for not implementing any revenue measures for five years which basically is to say that you were against our no tax policy for the five years, you come now and instead of looking at the expenditure, you keep the expenditure high, and then you are looking to pressure people to raise revenue. [*Desk thumping*] How are you going to raise \$6.7 billion of revenue on food taxes? That is not possible man. That is not possible. And remember you are losing revenue in a consumer-sceptic kind of environment even from the luxury items, you know. And you have brought this economy to a halt. Everybody can feel it.

So listen, I want this Government to understand that they cannot misinform their way out of this economic and financial crisis. [*Desk thumping*] You have to come up with a strategy and we want to see this economy thrive. We want to see our country back to buoyancy. We want to see our people back to work. We want to see inflation managed. We want to see unemployment down. We do not want to see workers going home. And the only way you can have that is from buoyant industry with consumer confidence, business confidence, investor confidence, investment in the country, and we want to see that. And do the strategies that you think are necessary within your range of understanding of policy required to do that? Do not come here and tell us to support this backward policy of oppression against poor and vulnerable people in the society, [*Desk thumping*] without any context and without any mutually supporting information or policy or action, and do not come and tell us that the reason you are in this situation is because of us. When we were there, we ran the country and you could see everything we built in this country. [*Desk thumping*] And you could see all the accounts in this country up to 2015. All of it. It is there to see. And I want to say something on this.

Madam Speaker: Hon. Member for Caroni Central, your speaking time has expired. May I invite you to take your chair, please.

Dr. B. Tewarie: Thank you very much, Madam Speaker.

The Attorney General (Hon. Faris Al-Rawi): Thank you, Madam Speaker. [*Desk thumping*] Madam Speaker, section 55 of the Constitution allows one the privilege of the Parliament's foremost right, the freedom of speech in a very peculiar context. It allows you to have no liability, civil or criminal for things said or done in the Parliament, but somehow I think that that freedom of speech ought to be circumscribed by some degree of responsibility.

I have listened to two speakers opposite me so far. Lots of chat from those opposite. The Member for Couva South, I hear continuously in crosstalk, is yet to

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stand up and make a contribution in this Parliament, but I am accustomed to crosstalk. So let us deal with the facts before us today. We are here to deal with an extraordinary sitting of the House—[*Interruption*]

Madam Speaker: Hon. Members, could we please have some silence for the Member to make his contribution, please. Proceed.

Hon. F. Al-Rawi: Thank you, Madam Speaker. We are here to deal with an extraordinary sitting of the House. We are here to deal with a Motion to negative the VAT Order which has dealt with zero-rated items and which has been published and which stands as law unless it is negated by virtue of a resolution of this House on a majority basis. We have heard the hon. Minister of Finance put onto the record facts dealing with—[*Interruption*]

Mrs. Persad-Bissessar SC: Which facts?

Hon. F. Al-Rawi:—I will come to those—“doh get too anxious”, Member for Siparia—dealing with facts from publications pronounced. And then we have heard two Members opposite, the Member for Tabaquite and the Member for Caroni Central say you cannot mismanage your way out essentially. You cannot basically bluff your way out of positions. I think it is the phrase which was commended a short while ago, you cannot misinform your way out of the economy.

Mrs. Persad-Bissessar SC: Good speech.

Hon. F. Al-Rawi: “Good speech” the Member for Siparia says. Factual it was. I want to ask the hon. Member opposite, when you stand hon. Member for Caroni Central and you say to people, “a man who buys a television for \$10,000 at 15 per cent dropping down to 12½ per cent you are going to have a savings for that television of \$1,020”—desk thumping opposite. Fact. Let “meh” deal with some facts opposite.

Hon. Member for Caroni Central was in charge of some serious portfolios. Fifteen per cent VAT on \$10,000 is basically worked out as follows: \$10,000 multiplied by 1.15 and you get \$11,500; 12.5 per cent, you take \$10,000, you multiply it by 1.12 per cent, you get \$11,200, the savings my dear friend, hon. Member, is \$300.

Dr. Tewarie: Well, I made a mistake.

Hon. F. Al-Rawi: You made a mistake. [*Crosstalk*] I am glad you admitted you made a mistake. Because none of your colleagues opposite seem to appreciate

the mistake.

Madam Speaker: Hon. Members, [*Crosstalk*] Members, I am on my legs. Continue, Member for San Fernando West.

Hon. F. Al-Rawi: So the fact is that the—[*Interruption*]

Dr. Tewarie: Madam Speaker, may I correct?

Madam Speaker: Hon. Member for Caroni Central [*Crosstalk*] one minute, please. One minute. One minute, please. Are you making a point of order? Are you seeking leave of your friend to elucidate? You have to...

Dr. Tewarie: Leave to give way. I made an error. I quoted the 12½ per cent number instead of the difference between the 15 per cent and the 12½. I am sorry. It was not meant to mislead.

Hon. F. Al-Rawi: So, I am glad for my friend's admission because none of his colleagues picked it up.

Mr. Deyalsingh: I picked it up. I did.

Hon. F. Al-Rawi: But I wanted to raise that simple but important point, Madam Speaker, because it is the basis of other contributions comprising the contribution of the learned Member all of which were equally on wrong ground. And let me go through a few of them.

3.45 p.m.

The hon. Member said that the hon. Minister of Finance was not correct; he was not truthful; he was not truthful about debt strategy, about the CSO, about revenue generation. He said the hon. Member could not speak about that, the Minister of Finance. I want to put on record that the hon. Minister of Finance was not the author of those statements. In fact, an immediate reference on the Internet, with your leave, I read from moodys.com. Moody's Investors Service rating action:

“Moody's downgrades Trinidad and Tobago's government bond rating and issuer rating to Baa2 from Baa1, and changes the outlook to negative

Global Credit Research—30 Apr 2015.

New York, April 30, 2015 – Moody's Investors Service...”

Stop! Not Minister of Finance now, Colm Imbert, Member for Diego Martin North/East. Moody's in April 2015 said it:

“has today downgraded Trinidad and Tobago's government bond rating and

issuer rating...”

“The key drivers behind the downgrade are:

1. Persistent fiscal deficits and challenging prospects for fiscal reforms.
2. Decline in oil prices and limited economic diversification to weigh negatively on economic growth prospects.
3. Weak macroeconomic policy framework given lack of a medium-term fiscal strategy; and inadequate provision of vital macroeconomic data.

RATINGS RATIONALE

First Driver –

Trinidad and Tobago’s fiscal accounts have been reporting recurring deficits in the order of 2 – 3% of GDP since 2009 after consecutive surpluses were observed over the previous eight years. Going forward, implementing fiscal reforms to put the government accounts on a more sound footing will likely be challenging in a context of low oil prices and potential spillover of low gas prices in the US to other markets. Furthermore, the lack of a medium-term fiscal framework and reliance on one-off measures to cut spending undermines the authorities’ ability to achieve a durable turnaround in fiscal metrics. While Trinidad’s—and Tobago’s—“Heritage and Stabilisation Fund is an important element of the sovereign balance sheet, it has not been used as a counter-cyclical policy tool, thus limiting its ability to compensate for negative impact...” et cetera.

“SECOND DRIVER — Decline in oil prices and limited economic diversification to weigh negatively on economic growth prospects.

Trinidad remains heavily reliant on the oil and gas-sector and, accordingly, economic activity and fiscal stability is predicated on its performance. Economic growth has slowed down in the post-crisis period as a result of maintenance-related disruption in gas production...

THIRD DRIVER”—and I am passing over a few of the other facts—“Weak macroeconomic policy framework given lack of a medium-term fiscal strategy...

Trinidad’s institutional strength is assessed as moderate, based on the World Bank’s governance indicators. However, its macroeconomic institutional capacity, including fiscal and monetary policy frameworks, is weaker than those observed in several other investment-grade peers.”

Dr. Khan: Madam Speaker, could I seek your guidance on 44(10), please?

Madam Speaker: So, on a point of order you are making hon. Member?

Dr. Khan: Yes.

Madam Speaker: Hon. Member for San Fernando West, while you may be permitted to refer to any reference and extracts, I will ask you, please—it is a debate and therefore—to limit how much of the reading of your reference is put on record.

Hon. F. Al-Rawi: Thank you, Madam Speaker, I am simply referring to facts on the record, and certainly I am not one to read from a speech, but I am guided by you. Thank you for allowing me to refer, as I am doing.

It causes “meh” friends great discomfort, because the fact is, Members opposite, each one after each one, voices opposite as voices opposite go, are uncomfortable with the fact that international agencies have persistently put on to the international record the fact that this Government is now on the track of a path left by those opposite...

Hon. Member: [*Inaudible*]—with Malcolm Jones.

Hon. Member: Be quiet!

Hon. F. Al-Rawi: You have something to say?

Madam Speaker: Hon. Member for Princes Town, please! There is a Standing Order that regulates the behaviour while another Member is on his legs. I will ask you to please be guided by that.

Hon. F. Al-Rawi: Yes, Madam Speaker. I hope I get some injury time for these constant interruptions. But, Madam Speaker, the point is, the track record left by the last Government, as observed by international agencies, is one which speaks to a failure to implement the very essential framework for governance, particularly from a fiscal and monetary point of view.

And when the hon. Members opposite speak about the state of our economy in a rather hysterical position, listening to the hon. Member for Tabaquite talking about being a responsible Opposition, crying people actions, people are now losing confidence, that you must be in touch with constituents and walk the ground; you must deal with vulnerable people Robin Hood in reverse. Do the maths.

When you listen to the hon. Members opposite, Madam Speaker, I have to

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wonder if these are the same Members that governed this country for five years. Because when one looks to the budget after budget presentations of the Ministers of Finance who sat in the period prior to 2015 general election, they were very long on expenditure and very short on revenue statement. What was the sterling contribution of the Member for Caroni Central? Five growth poles sometimes referred to anecdotally by those members in the public as greasy poles; greasy poles because nothing ever happened in relation to them.

We heard about South East Port of Spain growth pole; we heard growth poles all over the country. Nothing can account for the kind of expenditure that we saw. Record expenditure by those now opposite, in a five-year period, which resulted in—[*Interruption*]

Mr. Deyalsingh: Princes Town!

Madam Speaker: Hon. Member for St. Joseph, please! Members, again, I caution the entire House to please observe the proper decorum that you are all capable of. Continue, please.

Hon. F. Al-Rawi: Thank you, Madam Speaker. I sometimes wonder why it is that those who like to give lashes cannot take them, you know. I sometimes wonder about that.

We heard the hon. Member for Caroni Central say, the first thing that the new Government should have done is to cut expenditure coming into its position. The first thing that they should have done—[*Interruption*—I do not know what the Member for Siparia is talking about speedos about. [*Laughter*] I am a little uncomfortable about her references. But anyway, I am a happily married man, Member for Siparia. But, anyway.

Hon. Member: She would like you to speed on.

Hon. F. Al-Rawi: Madam Speaker, I would like to say, the first thing that the recommendation to this Government was, coming out of the lips of the Member for Caroni Central, was cut expenditure.

The budget was \$63 billion; he said cut expenditure. Does he remember that the Member for Siparia, sitting as the Prime Minister, lamented that expenditure could not be cut because nearly 80 per cent of the Government's budget was on salaries and recurrent expenditure? Is the prescription by those opposite that you must fire the workforce in Trinidad and Tobago? Because if you are cutting expenditure on your budget, you are essentially saying, cut from either your Public Sector Investment Programme or cut from recurrent expenditure.

So, we heard the Member for Tabaquite speak about taxes on cigars. [Crosstalk]

Madam Speaker: Hon. Members, again I caution you all with respect to silence while the contributions are being made.

Hon. F. Al-Rawi: Thank you, Madam Speaker. We heard the Member for Tabaquite speak about taxation on cigars, on alcohol and on motor vehicles; we heard the Member for Caroni Central talk about cutting the budget. He said cut, essentially move it down from \$63 billion. That is the first obvious thing to do. He did not say, do not adjust your PSIP spending, because that is how one stimulates the economy and allows it to grow and create sustainability; instead cut.

I would like to ask the hon. Members opposite, where were the cuts coming from? Recurrent expenditure? Jobs? Madam Speaker, I heard the hon. Member say that the Minister of Finance last, Larry Howai—[*Interruption*—]—excuse me, I heard the Members opposite say that Mr. Howai came to the Minister of Finance and gave certain information. He said that Minister Imbert was the beneficiary of information, and that there would have been \$13 billion that would have come in. He said \$1.5 billion from the IPO at Phoenix Park; he said \$4 billion from TGU; he said \$6 billion from taxes by September; he said \$1 billion on a loan; he said \$500 million on another loan; he said total, \$13 billion; and he said you would have had a \$9 billion overdraft which he admitted to running up to the max, but you would have had \$4 billion extra.

I would like to tell the hon. Minister, that a, b, c, Sesame Street approach to dealing with the finances of Trinidad and Tobago is probably exactly why we ended up in the situation we are in. Because, it does not account for expenditure on a regular basis at \$5 billion a month when the overdraft is supposed to be used for expenditure on a continuous basis. Nor does it factor the obvious warnings of Moody's, of the Central Bank of Trinidad and Tobago, of Standard & Poor's, which all said that the energy prices were going downward, and that therefore you would have a loss of revenue.

But, more importantly, it is so infantile in its approach, most respectfully, that it does not even take into account the \$4 billion that the Minister of Finance told the Parliament today, that the Member for Siparia committed by way of short-term borrowings. Four billion dollars on a six-month rollover to be paid after the election; another \$4 billion in back pay due and owing. So, where was the revenue supposed to come from? How were we supposed to deal with that? Where, using

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the logic of those opposite, is the money supposed to come from? You know they say one thing and they do another. They stand opposite now and they are talking about, tell us about revenue; tell us about plan; tell us about what you are doing. I would like to tell you, Madam Speaker, that in making the alignment of portfolios down from 33 Ministries to 23 Ministries, preserving those who we inherited as employees of the Ministries, that we have achieved massive savings in expenditure.

Secondly, Madam Speaker, I would like to say that the elimination of corruption, mismanagement and wastage—[*Crosstalk*] [*Desk thumping*]

Madam Speaker: Continue please, Member for San Fernando West.

Hon. F. Al-Rawi: The elimination of corruption, mismanagement and—[*Interruption*]—Madam Speaker, the Member for Princes Town is at it again. Third time.

Madam Speaker: Member for Princes Town, please do not have me have to invoke the relevant Standing Order.

Hon. F. Al-Rawi: Madam Speaker, I will say it again because it causes discomfort—elimination of waste, mismanagement and corruption. For instance, when one spends \$1.3 billion on legal fees in out-sourced external arrangements; when one spends \$45 million on legal fees in pursuing one claim and where one cannot even file evidence in support of the claim where it is suppressed [*Desk thumping*] by the attorneys-at-law on record in circumstances amounting to a potential breach of the Legal Professional Act, or breach of legal obligation. [*Crosstalk*]

Madam Speaker: Members! Members, this is the last time I am going to warn Members with respect to the persistent crosstalk. On the next occasion I am going to name the offending Members.

Hon. F. Al-Rawi: Thank you, Madam Speaker. When one spends \$45 million across five lawyers only, one of whom has total in moneys received and moneys outstanding—one man—\$90 million in legal fees—that, for me, is something to be attended to.

Madam Speaker, those opposite certainly are wont to misrepresent facts, we heard them speak over and over again, books—how could you tax and put a value added tax on books?

4.00 p.m.

I want to make it pellucidly clear for those who are willing to listen, certainly those who cannot read, that goods and services exempted from VAT include—the books and printed materials which have remained zero-rated are workbooks, activity books, exercise books and other books used for educational purposes in schools, colleges and other educational institutions. Other books and printed materials such as: newspapers, magazines, photograph and stamp albums will be subjected to VAT. But you see there is a material distinction between what I have just read out and what has been said opposite.

Mr. Deyalsingh: Exactly.

Hon. F. Al-Rawi: There is a material distinction in mathematics that says a drop from 15 per cent to 12.5 per cent is \$1,020 savings, when, in fact, it is \$200 savings. There is a material difference in saying you are going to get \$13 billion, your overdraft is only \$9 billion, therefore, you have \$4 billion extra when you omit to tell the nation that there is \$4 billion in short-term loans coming at you, which certainly Larry Howai did not tell the Minister of Finance; when there is another \$4 billion in back pay which the hon. Minister of Finance did not have information from the last Minister of Finance on. And I wish to tell the hon. Members opposite, the TGU loan of \$4 billion trumpeted as something to solve the overdraft situation cannot and could not have been delivered prior to September 2015 because the legal work behind the transaction had not even begun.

And anybody in the Attorney General's office who was paying attention, as clearly did not happen in the last five years, would have known that, because an Attorney General's opinion is required in relation to the matter. But I am told that neither of my predecessors attended office on a regular basis.

Hon. Members: "Ohhh!"

Hon. F. Al-Rawi: And when I hear the hon. Member opposite tell the country that they attended to temporary workers and that contract workers were being attended to, I want to know what happened to the Ministry of the Attorney General and Legal Affairs as it is now comprised. Because in my Ministry, the Ministry of the Attorney General, I inherited 300 ghost workers.

In my Ministry there are people earning contract positions, or are on established positions, doing the same job with a salary disparity of \$9,000 to \$13,000 difference between them. And it took this administration to take the steps to quantify it, to meet threatened litigation by contract workers in the Ministry of the Attorney General, to say to them, do not sue the Government for inequality of treatment, let us treat with the issue together. But none of that was said.

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I want to tell you something that also was not said, Madam Speaker. We did not hear—we heard earlier that the economy is crashing to a halt, circulation problems, we are not seeing any money flowing through the economy. What are we to do? Pay bills the way the last Government left them? We were told and we heard a long song and dance in the public about the highway to Point Fortin. We warned the then Government that the highway to Point Fortin contractor was in receivership and bankrupt in Brazil. We warned them that the project was in trouble. Did they listen? Where is the project today? Contractors have not been paid by the main contractor, no international lending in terms of confidence and circulation of money, no international lending with matrices for supervision applied over the procurement of that contract, \$7 billion mushroomed to nearly \$10 billion in expenditure from the overdraft and cash flows of Trinidad and Tobago. Equipment from that contractor being sold left, right and centre—
[*Interruption*]

Mr. Imbert: To pay bills.

Hon. F. Al-Rawi:—to pay bills. The valuation of works actually is now a negative valuation where the contractors owe the Government money because there has been an overpayment by the last Minister with responsibility for that, and the last body, NIDCO, with responsibility for that, but we did not hear any of that. And you know what else we did not hear, Madam Speaker? We did not hear that bills presented to the tune, for instance, in CEPEP of \$164,453,657.58.

Let me give you an example of the kind of bills to be paid.

Mr. Imbert: Building houses.

Hon. F. Al-Rawi: CEPEP is now a major contractor as it turns out under the last Government, CEPEP building houses—

Mr. Deyalsingh: What?

Mr. Imbert: Yes.

Hon. F. Al-Rawi:—CEPEP building construction projects—[*Interruption*]

Hon. Member: Box drains.

Hon. F. Al-Rawi:—box drains. Bills presented to CEPEP looked like this. Bill from CEPEP to Ministry of National Security—listen to this one, here is the description of works: ground maintenance services, landscaping services, month of August, \$70,000. That is it.

Mr. Imbert: “Dey doh say where”.

Hon. F. Al-Rawi: “Dey doh say where, who, what value, what happened, nothing.” And you add that up and you multiply it across 33 Ministries and you end up, across one, two, three, four, five, six, seven institutions alone that the Ministry of Public Utilities has to manage, with \$652 million, nearly two-thirds of a billion dollars. No details, no valuation, no quantification. So really, a responsible Government.

We heard you say about a responsible Opposition. A responsible Government is supposed to close your eyes, hold your nose and spend money.

Mr. Imbert: Six hundred and fifty million.

Hon. F. Al-Rawi: “Doh worry to check about it. Trust meh, trust meh the way I trusted you on LifeSport.” The poor man, we heard. You have to be in touch with the constituency. Where was that advice when helicopter was flying up and down, left and right to Tobago? I understand there was a wedding in Tobago—*[Interruption]*

Dr. Moonilal: You talking about wedding.

Hon. F. Al-Rawi:—in the last five years, that half the Cabinet then went to and the NOC helicopter, I am told, was flying guests up and down to the wedding, you know.

Mr. Deyalsingh: You want to ask questions.

Hon. F. Al-Rawi: I understand that. And I would like to tell hon. Members opposite, when “baraat” going to weddings TT \$300 is not a hard reach for Members opposite or in the Government right now to pay for your return ticket, because when we left our retreat there were refunds back to the Government of Trinidad and Tobago because we underspent. *[Desk thumping]* There was no alcohol, there was no partying, there were no lavish features, there was a return of money. The staff was in shock.

So, Madam Speaker, you know what I also found a little interesting. They talk about transparency. They read out Central Bank’s position. You know what I found very interesting? There is something called the IMF Article IV Consultations. You ever heard about those, Madam Speaker? The IMF Article IV Consultations are traditionally held every year, right Member for Naparima, every year as you say. You know that, I know that. Why? Because they keep a watch on everyone around the world. A little external guidance is sometimes interesting. It

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is good to hear what others have to say, whether they are talking about the way you look or not, as some people seemed to be interested about more than anything else, but when you get down upon these lines, you get past appearances and we get down to facts, the IMF is supposed to come and visit us every year.

Listen to this one. The last Article IV Consultation between the Executive Board of the IMF and Trinidad and Tobago, the last consultation was concluded on April 01, 2014. Cabinet Minute, 2064, July 24, 2014 noted that the IMF had come with a consultation and noted some observations from the IMF:

“In the near term, and recognizing that severe data limitations make any assessments challenging, numerous signs point to a need to soon tighten the macroeconomic policy stance.”

The Cabinet, under Kamla Persad-Bissessar, Member for Siparia noted that. The Cabinet noted:

“Trinidad and Tobago is finally embarking on sustained growth, but diversifying the economic base remains the most critical medium-term challenge.”

The Cabinet noted:

“The Government will need to build on recent successes in implementing structural reforms to unlock...the full growth potential.” [*Interruption*]

Madam Speaker: Hon. Member for San Fernando West, your speaking time has expired. You are entitled to 15 more minutes if you wish to avail yourself.

Hon. F. Al-Rawi: May I please avail myself of that 15 minutes— [*Interruption*]

Madam Speaker: You may proceed.

Hon. F. Al-Rawi:—and any injury time you may wish to add to that, Madam Speaker, [*Crosstalk*] as we hear noises from way down on the bench from the Member for Oropouche East, far down the road from where he was, but anyway. Madam Speaker, so we heard that the consultations were held in 2014. Much to my surprise, Madam Speaker, do you know that the last Government held no consultations in 2015?

Mr. Imbert: They deferred it.

Hon. F. Al-Rawi: Do you know that they deferred the IMF consultation to 2016?

Mr. Imbert: Because they are afraid.

Hon. F. Al-Rawi: And one has to ask the question, why, “pray tell”, would a Government as supposedly transparent as the last Government was, transparent about LifeSport; transparent about public utilities; transparent about price indexes; transparent about revenue growth and creation mechanisms; transparent about data collection; transparent about macroeconomic and fiscal measures; why would a Government as transparent as that have a problem with the IMF coming to do its annual review of Trinidad and Tobago? The only conclusion that someone can draw applying reason to that is that there was something to hide.

And what I can say, Madam Speaker, is that I heard the hon. Member for Diego Martin West today speaking at the Transparency International institute say something. He said that at school, as young boys are wont to do, there are sometimes fights, but you are told that you ought not to threaten things likely. If you have to do something, just do it. And I would like to say by way of accounting to the people of Trinidad and Tobago, that upon entry into office in September; upon dealing with a budget in October; upon analyzing the shift in Ministries down from the wastage that we inherited of 33 Ministries and driving it down to 23 Ministries; upon keeping all of the employees that we kept no matter where they came from, they were people hired in Trinidad and Tobago by a Government, they have a legitimate expectation, they were kept. Upon looking at the rationalization of projects; upon inheriting a structure where you get a one-liner that says, pay two-thirds of a billion dollars and close your eyes. Upon watching litigation, where you spend \$1.3 billion in litigation, where you have a Ministry with 300 ghost workers, and that is one Ministry alone; where you have litigation where evidence is suppressed, where there are no witness statements filed, where \$45 million is spent in litigation and you cannot even find evidence in support of your claim—[*Interruption*]

Mr. Singh: That is Malcolm Jones matter?

Hon. F. Al-Rawi:—that it is incumbent upon a sitting Government to analyze the four corners of what is to be done and then pronounce upon its plan. There is no coincidence that the hon. Minister has announced today, the Minister of Finance, that the mid-year review will be on April 08. There is no coincidence it is spot on target, and what the people of Trinidad and Tobago are saying, most respectfully, Madam Speaker, is that this is the first time that they have heard statistical information coming out.

I would like to say, Madam Speaker, that the Office of the Attorney General is

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going to be publishing, in a matter of mere weeks if not before, its full legislative agenda, its long-term agenda, its medium-term agenda, its short-term agenda, that we will be hosting public consultations where we will roll out the facts in relation to the prison system, the criminal justice system, constitutional issues of reform, where we will be talking about what we have found as a nation and what we must embrace. You see the CFATF as an FSRB, a FATF-Style Regional Body, has an obligation to implement certain measures. [*Crosstalk*] And the measures are critical measures that affect Trinidad and Tobago's ability to do business. The Member for Siparia is a little bit lost. She is asking about banks. I am surprised that a Prime Minister, past, does not know what FATF is. But anyway, the point is that right now in Trinidad and Tobago, as a result of the fourth round mutual evaluation by the CFATF, corresponding banking is at risk.

4.15 p.m.

Disclosure of equitable interests—those of you who have bought properties and hidden them in people's names [*Desk thumping*] and do not want to be found, those of you who are afraid of discovery of equitable ownership, CFATF has said that we need to make that transparent. Those of you who have engaged in money laundering by way of taxing percentages of fees paid, those of you who have sought to hide money in assets, CFATF has said, you need not only to make that transparent, but you need to have something called civil asset forfeiture, which I have the pleasure of announcing has been drafted already by the AG's office. [*Desk thumping*]

Mr. Hinds: Well done, Attorney General. [*Desk thumping*]

Hon. F. Al-Rawi: But I want to say this. Civil asset forfeiture is a property right that is going to be affected because what the legislation says, for national consumption, is explain your wealth. If you have a massive home and your income is \$2,000, \$5,000, \$60,000 a month but the home is worth \$30 million and \$40 million, you have to explain your wealth in acquiring that asset, and if you cannot explain your wealth you are going to lose your wealth until you can explain your wealth.

Mr. Deyalsingh: What about malls in Holland?

Hon. F. Al-Rawi: And that is a message, not only for malls in Holland or elsewhere—

Mr. Deyalsingh: Ah ha, yes.

Hon. F. Al-Rawi:—but that is a message, Madam Speaker [*Desk thumping*] for Trinidad and Tobago to have consultation on because the country will be

looking at who is willing to support legislation of that type and who is not.
[*Interruption*]

Mr. Hinds: I see somebody trembling.

Madam Speaker: Members.

Hon. F. Al-Rawi: So Madam Speaker, when we start to roll out the de-siloing of information management, the ability for the Financial Intelligence Unit to operate—[*Crosstalk*]

Madam Speaker: Continue please, Member for San Fernando West.

Hon. F. Al-Rawi: Thank you, Madam Speaker. When we start to roll out the de-siloing of information management, be it between the Board of Inland Revenue, the Financial Intelligence Unit, the Financial Investigation Bureau of the TTPS, the ACIB, when you deal with those things, when the entities deal with them, you start to put teeth into the system. Because the Government's role is to enable the structures. The Government's role is not to persecute people or witch hunt people. But what I can tell you, Madam Speaker, is that I hope that Members of Trinidad and Tobago, as citizens as a whole, understand the days for corruption, mismanagement and wastage are over, [*Desk thumping and crosstalk*] and I will tell you why. They are over—[*Crosstalk*] And, Madam Speaker, I am hearing Malcolm Jones, Malcolm Jones. Let me deal with this one time. I have passed the papers in the Malcolm Jones matter, I am proud to say, to the Law Association.

Hon. Members: Ahhhhh! [*Desk thumping*]

Hon. F. Al-Rawi: The Law Association has received the papers in the Malcolm Jones matter, all legal opinions, pleadings and orders. For the first time ever, an Attorney General of Trinidad and Tobago has put papers and passed legal opinions, lifting the privileges in relation to those to the Law Association.

Mr. Hinds: Well done, Attorney General. [*Desk thumping*]

Hon. F. Al-Rawi: And I would like to tell you that I have done so because I am confident that the actions of the board of Petrotrin, in deciding by itself to deal with things—

Mrs. Persad-Bissessar SC: Would the hon. Member give way?

Hon. Member: No!

Mrs. Persad-Bissessar SC: Thank you very much, hon. Attorney General. Would you also be prepared to pass those documents you have given to the Law Association—to send them to the Integrity Commission?

Hon. F. Al-Rawi: Madam Speaker, I do not know that the Integrity Commission has even asked for it.

Hon. Members: Ahhhh!

Hon. F. Al-Rawi: But what I can say, the Law Association asked for it and I passed it. The day the Integrity Commission asks for it, I will pass it.

Mr. Hinds: Simple.

Hon. F. Al-Rawi: Because it is quite simple. [*Desk thumping*] There is nothing to hide, and if the hon. Leader of the Opposition intends to deal with the board of Petrotrin in its decision, then she is entitled to do so. But I just want to say, it was improper of an Attorney General of Trinidad and Tobago to be managing litigation for Petrotrin. That is what we call in law, maintenance and champerty. It is frowned upon in law. [*Desk thumping*] You cannot foster litigation and pay for litigation for someone else. And the issue of professional liability in suppressing evidence will be dealt with. [*Desk thumping*]

So this Government has nothing to hide. We have broken every mould in terms of transparency and will continue to do so, Madam Speaker.

Mr. Hinds: “Ah seeing four people trembling now.”

Hon. F. Al-Rawi: So, Madam Speaker, when one hears the entourage of allegations coming from opposite on as simple an issue as failing to calculate the difference between \$1,000 and \$200, on a simple difference of \$9 billion in supposed overdraft and how you are going to pay that off, when it turns out it was closer to \$22 billion, you cannot really take what is said opposite seriously. You just cannot! And, Madam Speaker, we intend, as a Government, having done six months of analysis, to bring it to the attention of the people of Trinidad and Tobago for disclosure, for discussion and transparency. [*Desk thumping*] Because I can assure you, being “red and ready” did not mean being a motormouth from day one. Being “red and ready” in opposition and moving to Government meant you have an obligation to come and do your homework, you speak from a factual position, you deal with aplomb.

I want to point out to you, Madam Speaker, as I wrap up, as Attorney General I have failed to call a single name of a person in receipt of legal fees, quite the opposite of what was done by Attorneys General prior. And the reason that I have done that is that there is an obligation to check your facts first. You cannot just

run off persecuting: “Where the piano gone?” “Whoop, piano arrive.” Sue, sue, sue, everything falls apart. Litigation, pre-action protocol, millions of dollars, hundreds of millions of dollars, \$1.2 billion in legal fees spent and nothing to show for it.

So, Madam Speaker, the contributions of those opposite have fallen short of the mark. They are inaccurate. They misrepresent the facts from international lending agencies, from international reviewing agencies. They defy logic. They have not once put onto the record, in five years of government, and now six months of opposition, not one squeak as to where revenue is to come from—not one squeak. We spent close to—if you add contingent liabilities by the last Government, we spent close to \$400 billion and we “doh” have one revenue-generating asset to show for it.

So, Madam Speaker, we are not troubled by the machinations [*Phonetic* “machianations”] of a few. We are not troubled by the noise of some empty vessels, surely not in this House—[*Interruption*]

Hon. Member: Machinations.

Hon. F. Al-Rawi: Machinations. [*Phonetic* “machianations”] It is an Italian word from Machiavelli—c-h-i—

Hon. Members: Tell them! [*Desk thumping*]

Hon. F. Al-Rawi: “c-h-i” is pronounced “key” in Italian—Machiavelli. [*Crosstalk*]

So, Madam Speaker, it is important that we get things right, be it mathematics, be it pronunciation, be it intention. [*Crosstalk*]

Madam Speaker: Members.

Hon. F. Al-Rawi: The country shall have confidence in management because there is a collaborative approach with full transparency, and I thank you for the opportunity to contribute.

Mr. Hinds: Well said. [*Desk thumping*]

Madam Speaker: Members, it is 4.23. Might I suggest we suspend now for half an hour and we will return.

4.23 p.m.: *Sitting suspended.*

4.53 p.m.: *Sitting resumed.*

Madam Speaker: Member for Tabaquite.

Dr. Surujrattan Rambachan (Tabaquite): Thank you, Madam Speaker. Thank you very much. Madam Speaker, we have had a very energetic debate, but a very important debate in the context of the people of the country and what the people of the country expect of a government in terms of governance to better their quality of life and to ensure that they have a proper standard of living. I want to take the opportunity to congratulate my colleague, the Member for Caroni Central, who, very systematically, took the contribution of the Member for Diego Martin North/East and, in fact, dealt with it by showing in every aspect of his contribution, the foundations that have been laid by the People's Partnership, and upon which the Government of the day continues to build. And like he said, the hard work had been completed, and what is happening is that they have continued to do what they are doing based upon what we had done. A good example in that regard would be the Central Statistical Office and the institute and what have you.

4.55 p.m.

Madam Speaker, a comment was made about overpayment to OAS to the contractors on the highway. The last report that was available to us was October of 2015; a report that is normally done on a monthly basis by NIDCO, who was the supervising agency for the contractor and for the job. At that time, according to the figures in that report, the overall budget for the project was \$7.5 billion, of which \$5.1 billion was expended according to the report—\$5.1 billion. That is overall. But there is a difference between the construction aspects of what was spent and what was spent on other things, like the acquisition of property and payment of consulting fees to the consulting engineers and what have you.

But in that report, Madam Speaker, of the advanced moneys that were paid to OAS, \$296 million was still available, and NIDCO has complete security—that money is completely secured. So that what had happened, they were paid a certain amount of money and every time they submitted their bills a certain amount was deducted from the advance payments. So that \$296 million was still available.

I want to say something here today that I think is very important. The members of the OWTU, about 1,000 of them as I understand it, who are working in OAS have been claiming that they cannot get their moneys because OAS cannot pay and what have you. Madam Speaker, I am not a lawyer by any means, but I do recollect that employees have the first lien on moneys that are there in an organization, and even if an organization is going into liquidation or what have you, employees have the first lien. I am subject to correction. That is my

understanding. Sure enough, OAS has not gone into liquidation or has not closed up shop and so on, but I do know that OAS has been using its equipment to settle debts with some contractors.

I want to tell the workers at OWTU, that as far as my knowledge goes, there are substantial amounts of money in terms of the performance bond that OAS had to meet with NIDCO and also retention moneys on the work that has already been done. If my information is correct—and I am subject to correction—I understand about US \$80 million might be available between the performance bond and the retention money, and therefore, I see no reason why negotiations cannot take place between NIDCO and OAS, so that at least the retention money could be used to pay the local contractors [*Desk thumping*] and to pay the workers at OAS. So to say that we overpaid is not correct at all. That is not correct. Everything there is fully secured, and I am pointing out now where the money could be found in order to settle the obligations of contractors and also the obligations to the workers. The workers have worked and they must be paid. [*Desk thumping*] They must be paid. Madam Speaker, so I wanted to put that on the record.

Madam Speaker, the other matter that was raised here today has to do with the comments about T&TEC and the loan that was made to T&TEC. I am advised and told by the former Minister of Finance, that T&TEC had a long outstanding loan of US \$250 million to TGU for electricity that was bought and not paid, and therefore, T&TEC had to meet that obligation. What happened is that the Government proposed to have it settled by guaranteeing a loan to T&TEC so that they could settle their debt. At the same time, concurrently, we then requested, through the Minister of Finance, that TGU pay a dividend of \$1.6 billion to Government—TGU has never before paid a dividend—which would have allowed the Government to obtain additional revenues. The principal reason though for the loan that the Minister of Finance was talking about was for T&TEC to settle its debt.

Madam Speaker, the context was, of course, known to everyone. The price of oil was falling, government revenues were falling and it was important that all revenue sources were considered and, therefore, it was fitting for Government to seek revenues from those who could pay rather than put the burden on the vulnerable, which is what is happening now. So the decision to take the loan made sense as it allowed T&TEC to settle its debt to the TGU, and allowed the Government at the same time to increase its revenues and to settle its own obligations rather than putting the burden upon the vulnerable, Madam Speaker.

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[DR. RAMBACHAN]

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Madam Speaker, the other matter that was raised by the Minister of Finance, Member for Diego Martin North/East, is that he comes to this Parliament habitually and makes statements that are not backed up by facts. In fact, the hon. Member for Caroni Central began to make mention of it which had to do with the production of oil. Today in this House, he said the oil production collapsed from 100,000 to 80,000 barrels per day between 2010 and 2015. Madam Speaker, if you go into any public finance documents you will be able to get at least the last 10 years of production, and the fact is that in 2005 oil production was at 145,000 barrels per day. By 2010, oil production had collapsed to 90,000 barrels per day even after it was an oil price boom that poured money into the Treasury for the same period.

Between 2010 and 2015, the collapse in oil production was halted because of the policies that were implemented by the People's Partnership Government, and the fact is that oil production is now over 80,000 barrels per day. I do not think that the Member for Diego Martin North/East intentionally wanted or deliberately wanted to mislead the Parliament and so on, but the reality is that the decline took place from 145,000 to 90,000 barrels per day under the PNM administration and was halted and even reversed under the People's Partnership administration.

Madam Speaker, the other matter—I do research on my iPhone just like you do research when you used to stand here. They spoke today also about how much money we spent and how much money we did not spend and how we overspent in the budgets and so on, but I want to put the records as we have it. For the 2014/2015 fiscal year, particularly for period October 2014 to August 2015, what the Government spent was \$50.4 billion. Now the Minister of Finance claimed, and you will recall this, that the Government spent \$66 billion and counting—those were his words—for the 2014/2015 period. I am glad he is acknowledging it, saying that is fact that that is what he said. So he said that. He said that the previous Government spent \$66 billion and counting for the period 2014. Madam Speaker, unless the People's Partnership Government has spent \$15.6 billion in the first seven days of September, then the hon. Minister of Finance is seriously misleading the Parliament and the nationals, because what he is implying is that we spent \$15.6 billion in seven days.

What are the figures? The Minister of Finance will be able to say whether these were the figures. Total government revenue from October 2014 to August 2015 was \$47.7 million, creating a deficit position of \$2.7 billion. And if the Minister of Finance goes back to the figures he will see that the deficit was originally projected at \$4.3 billion, which means that areas of spending were

curbed following the former Prime Minister's address to the nation on January 08, 2015, and that registered a positive effect. We spent less. So we had already initiated plans and initiated strategies in order to curb expenditure in view of the falling oil prices.

So when the hon. Attorney General, Member for San Fernando West, speaks about responsible Government and implies perhaps that we are not being responsible because I said we are a responsible Opposition, this demonstrates that even then we were showing the responsibility to curb expenditure, given what we were seeing happening with the energy environment and particularly energy prices. For the fiscal period 2013/2014, the projected deficit was \$6.3 billion, but the hon. Minister of Finance could go back and check the records and he will see the first three-quarters of this budget period actually recorded a surplus position of \$1.97 billion.

Madam Speaker, the Government was not left bankrupt. I am very happy to have heard the Member for Diego Martin West and the hon. Prime Minister say that the country is not bankrupt, but there is a cash flow problem, and those are two very different things. But what is very important to note, and I hope that the Government is taking note of it and the Government is intervening as it should, that by September 2015 Trinidad and Tobago had foreign reserves of US \$10.3 billion. Now, if we were an irresponsible Government that would not have happened, because I want to tell you that in 2010 the foreign reserves stood at \$8.9 billion. So we actually grew the foreign reserves in the country, but since September 2015 the foreign reserves' position has suffered tremendously and, in just two months, by November, reserves had fallen to \$9.6 billion, US \$700 million gone; and by January 2016 it remained at US \$9.6 billion. Quite surprisingly though, I have not seen the Central Bank supply any figures for the end of February 2016, Madam Speaker.

Madam Speaker, then they referred to us spending and increasing debt and what have you. The debt to GDP ratio in September 2015 was 46 per cent. True enough, it was 32.1 per cent in 2010, and the truth and the reality for those who really want to be very honest about it is that there are projects in this country that demonstrate where we were heading in terms of a people-centred Government; and the physical environment of this country in 2015 was not what it was in 2010, given the amount of people-centred projects that were there in the country. [*Desk thumping*]

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It is one thing, you know, to make heavy weather about the public debt and to carry on in a very loud and haranguing tone with political theatre and intrigue to match all of that, but, Madam Speaker—[*Interruption*]

Mr. Imbert: You reading?

Dr. S. Rambachan: I am not reading. I have my facts on my phone—it is very important to note—[*Interruption*]

Mr. Imbert: Madam Speaker, point of order, 44(10). The same one you used against the Member for San Fernando West. He is reading.

Madam Speaker: Members are entitled to refer to their notes. I do not get the sense that he has been reading an extract. Could you continue please, Member for Tabaquite. [*Desk thumping*]

Dr. S. Rambachan: Madam Speaker, I thank you for your understanding and thank you for your patience.

5.10 p.m.

Madam Speaker, we have made our position very clear on this matter of the VAT, on the matter of Schedule 2 and what have you. The case has been made that this should be annulled and we stand in full support of the people and the people stand in full support of us, in terms of getting this matter as we would wish it to be resolved here this afternoon.

Sadly, the Government is going to use its majority position to get its way. They are going to use that position without any sympathy for the people and while the Minister of Finance, Member for Diego Martin North/East, said that they are going to use VAT collection to help the poor people of this country and what have you, Madam Speaker, that has not been the case in terms of the history of the PNM. The PNM has not really taken care of the poor in this country. Under the PNM, the poverty rate in this country increased; it increased.

At the time when money was available in this country, really available in this country, the plight of the poor, even in terms of housing and what have you, and the standard of living was not improved; it was not improved. Unemployment and everything else. The time when they could have spent money in creative industries and in innovation and creativity and projects that would have led to diversification, when they had the money to spend, it did not happen. So that they cannot come now and claim that they are for poor people and poor people will benefit and what have you and so on.

Madam Speaker, I simply wanted this afternoon to make these points and to correct some of the misconceptions that were created by both the Member for San Fernando West and the Member for Diego Martin North/East.

Madam Speaker, I notice that they are now at the point after six months where they are repeating just what they said in the first month and now in their speeches, 70 per cent of what they said in the first two months is being repeated in the sixth month. By the time they get on to the ninth month, they will be repeating 100 per cent of what they said there and they have nothing new to say because they have nothing new to offer the country.

Madam Speaker, I thank you and I beg to move. [*Desk thumping*]

Question put and negatived.

Motion negatived.

ADJOURNMENT

Madam Speaker: Hon. Members, this House now stands adjourned to Friday, March 11, 2016 at 1.30 p.m.

House adjourned accordingly.

Adjourned at 5.13 p.m.